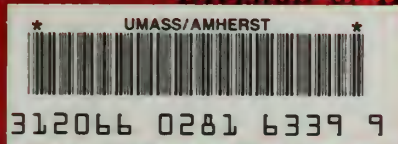


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Division of Health Care Finance and Policy



HMO Rate Analysis

1998 Spending, Unit Cost and Utilization

October 1999

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A report for the
Massachusetts Health Care Purchaser Group
from the
Massachusetts Division of Health Care Finance and Policy
Executive Office of Health and Human Services
Commonwealth of Massachusetts





HMO Rate Analysis

1998 Spending, Unit Cost and Utilization

October 1999



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Preface

Satisfying the Need for Health Care Information

The Division of Health Care Finance and Policy collects, analyzes and disseminates information with the goal of improving the quality, efficiency and effectiveness of the health care delivery system in Massachusetts. In addition, the Division administers the Uncompensated Care Pool, a fund that reimburses Massachusetts acute care hospitals and community health centers for services provided to uninsured and underinsured individuals.

The effectiveness of the health care system depends in part upon the availability of applicable information. In order for this system to function properly, purchasers must have accurate and useful information about quality, pricing, supply and available alternatives. Providers need information on the productivity and efficiency of their business operations to develop strategies to improve the effectiveness of the services they deliver. State policy makers need to be advised of the present health care environment, as they consider where policy investigation or action may be appropriate.

As part of its health care information program, the Division of Health Care Finance and Policy publishes reports to meet this need for information. These reports fo-

Mission

The Division's mission is to contribute to the development of policies that improve the delivery and financing of health care in Massachusetts by:

- ◆ collecting and analyzing data from throughout the health care delivery system;
- ◆ disseminating accurate information and analysis on a timely basis;
- ◆ facilitating the use of information among health care purchasers, providers, consumers and policy makers; and
- ◆ monitoring free care in the Commonwealth through thoughtful administration of the Uncompensated Care Pool.

cus on various health care policy and market issues.

Organizational Structure

The Division of Health Care Finance and Policy is an administrative agency within the Executive Office of Health and Human Services. The Commissioner is appointed by the Governor.

The organizational structure is comprised of several distinct groups:

- Health Systems Measurement and Improvement Group
- Health Data Policy Group
- Pricing Policy and Financial Analysis Group
- Audit, Compliance and Evaluation Group

Each group is responsible for a different aspect of the agency mission.

Health Systems Measurement and Improvement Group

The Health Systems Measurement and Improvement Group (HSMIG) works to improve the delivery of health care in Massachusetts by evaluating the changing health care system and providing useful analyses and information to policy makers, health care providers, and purchasers. The group also conducts health services research and policy analysis for a variety of different audiences to improve the delivery and value of care. In recent years, the Group has analyzed and reported on several areas of interest, including preventable hospitalizations, hospital readmissions, health care reform in Massachusetts, trends in HMO premiums and insurance status. The group manages demonstration projects funded through the

Uncompensated Care Pool whose goal is to improve health services to uninsured and underinsured persons while reducing the demand on the Pool to finance free care. Finally, the group is charged with providing information to consumers on managed care organizations in Massachusetts.

Health Data Policy Group

The Health Data Policy Group is (HDPG) charged with the development and appropriate use of Division data bases and is responsible for evaluating health care data management issues across organizations and providing information and reports to providers, plans, researchers and the government.

HDPG is responsible for the collection and release of hospital discharge data and observation stay data. The group is also responsible for managing the release of accurate hospital and nursing home cost and financial data. HDPG, as partners with other organizations, uses these data for projects that involve benchmarking. HDPG develops products that meet anticipated information needs including industry trends, data products and custom reports. As well, HDPG, is responsible for developing and implementing confidentiality and privacy protocols for the use of data. The group conducts research and evaluates new health data policy issues such as national standards for electronic data interchange and privacy legislation.

Pricing Policy and Financial Analysis Group

The Pricing Policy and Financial Analysis Group develops health care pricing policies, methods and rates which support the procurement of high quality services for public beneficiaries in the most cost-effective manner possible. This group also provides information, analysis and recommendations to policy makers to support their health care financing decisions, and performs specialized analyses of innovative

health care financing and purchasing methods.

Audit, Compliance and Evaluation Group

The Audit Compliance and Evaluation (ACE) Group examines financial data reported to the Division of Health Care Finance and Policy. The ACE Group performs audit, review, screening and quality control functions that provide the building blocks for the Division's work in developing pricing policies and measurement tools to improve the health care system in Massachusetts.

The Division of Health Care Finance and Policy's support units include Administration, the Information Technology Group, the Office of the General Counsel and the Office of Communications.

Administration

The Office of the Executive Secretary oversees the agency's budget, regulatory process and personnel.

Information Technology Group

The Information Technology Group is responsible for managing the Division's computer network and data bases.

Office of the General Counsel

The Office of the General Counsel litigates administrative appeals filed by providers, analyzes proposed legislation relative to the health care delivery system and provides legal advice to the Commissioner and staff concerning the development and application of regulations, policy positions and pricing information.

Office of Communications

The Office of Communications performs a wide array of services for the Division. These responsibilities include: (1) handling inquiries from the media and other outside parties, (2) editing, designing and producing the Division's print publications, (3) developing and maintaining the agency's Internet web site, (4) editing, designing and producing presentation materials, (5) representing the agency at health care conferences, and (6) serving as the point of contact for many general inquiries.

This structure reflects the focus of the agency mission and supports the Division's efforts to provide useful information to purchasers, providers, and policy makers.

Introduction

HMO *Rate Analysis: 1998 Spending, Unit Cost and Utilization* is the third annual report by the Massachusetts Division of Health Care Finance and Policy on how health maintenance organizations (HMOs) in Massachusetts allocate premium dollars.

Background

The study was commissioned by the Massachusetts Healthcare Purchaser Group, (MHPG) a coalition of public and private purchasers, to provide MHPG members with reliable information on the composition of premiums, and to foster dialogue among purchasers and health plans about opportunities for managing premium growth.

HMO Rate Analysis presents a profile of how health plans allocated premium dollars during 1998, using standardized spending categories and definitions. The primary unit of analysis in the report is the amount spent per member per month (PMPM). We created

a median spending profile for the state, using data from the health plans that participated in the study, to serve as a point of reference, then compared each plan's spending pattern to the state profile. We also use the state profile to place Massachusetts spending patterns in a regional and national context, and present comparative information on preventable hospitalization rates. Preventable hospitalization rates are one indicator of how efficiently a health plan manages the resources at its disposal.

There are many reasons that spending patterns differ among health plans; no particular spending pattern is intrinsically better than another. Therefore, this report does not rank or score health plans. It is not intended as a "report card," and no measure can stand alone as an indicator of performance or quality.

Report Structure

This edition *HMO Rate Analysis* has five main sections:

- Methods
- National and Regional Spending Comparisons
- HMO Spending and Utilization
- Preventable Hospitalizations
- Health Plan Profiles.

Methods

We developed a survey tool that required health plans to provide information on spending per member per month, unit cost data, and utilization data. The survey tool has been included in this report for reference (see Appendix B *HMO Rate Questionnaire*, pages B-1 through B-6).

We sent the survey on June 1, 1999, by mail and electronically to all health maintenance organizations (HMOs) that are licensed to conduct business in Massachusetts. Plans were asked to complete and return the survey within four weeks.

When we received responses from the health plans, we entered their data into an Excel spreadsheet. We calculated median per member per month (PMPM) values for each spending category, then compared each plan's spending pattern to the median pattern.

Plans were given an opportunity to review their performance relative to the statewide median values, and to make revisions as necessary.

Data for the preventable hospitalization analysis (see *Preventable Hospitalizations*, page 23) was drawn from the 1998 hospital discharge database maintained by the Division of Health Care Finance and Policy, using payer codes to identify health plans.

Participating HMOs

The following HMOs participated in this study:

- Aetna U.S. Healthcare, Inc.
- Blue Cross Blue Shield New Hampshire
- CIGNA HealthCare of Massachusetts, Inc.
- Fallon Community Health Plan, Inc.
- Harvard Pilgrim Health Care, Inc.
- Health New England, Inc.
- Kaiser Permanente Northeast Division Health Plan
- One Health Plan of Massachusetts, Inc.
- Tufts Health Plan of New England, Inc.

Blue Cross Blue Shield of Massachusetts (BCBSMA) did not complete the Rate Analysis Survey, for the third year in a row. Their HMO product, HMO Blue, is the second largest HMO in the state, and accounts for 23.4% of the market. We were very concerned about the effect that this would have on the calculation of medians, so we looked for other sources of data. We determined that we could obtain approximate data for enrollment, medical and nonmedical spending from the rates BCBSMA filed for the fourth quarter of 1998 with the Massachusetts Division of Insurance. Using the Division of Insurance information, estimated BCBSMA per member costs were substantially higher than those of the other plans. We offered BCBSMA an opportunity to confirm these numbers or to provide alternative data. BCBSMA reviewed the numbers, and submitted their own enrollment, medical and nonmedical spending on a PMPM basis for 1998. We were not able to incorporate the information they submitted into calculations of median values in the section entitled

HMO Profiles (see page 31) because we received the BCBSMA data too late in the project. The HMO Blue data does appear in the section entitled *Median Spending and Utilization Patterns* (see page 17).

Harvard Pilgrim Health Care Inc., HMO Blue, and Tufts Health Plan of New England, Inc., together accounted for 81.5% of the market share (see Table 1 below and Figure 1 on page 6).

HMO Enrollment

Each HMO submitted spending, utilization, unit cost and enrollment data on their fully insured commercial membership. Members covered under Medicare, Medicaid and self-insured plans are excluded. Fully insured, commercial HMO enrollment in Massachusetts is highly concentrated among a small number of large HMOs. Of the HMOs reported below,

Category Definitions

The basic unit of analysis in this edition of *HMO Rate Analysis* is spending on a per member per month basis. We take the total PMPM amount apart, starting with the largest pieces, medical and nonmedical, then drill down into progressively smaller pieces. Each piece is a spending category. The types of services that comprise each service category are defined on page 5, opposite.

Table 1: HMO Enrollment in Massachusetts, 1998

HMO Members By End of Quarter, 31 December 1998	Members	Market Share
Aetna U.S. Healthcare, Inc.	61,856	2.9%
Blue Cross Blue Shield New Hampshire	3,447	0.2%
CIGNA HealthCare of Massachusetts, Inc.	64,029	2.9%
Fallon Community Health Plan, Inc.	162,717	7.5%
Harvard Pilgrim Health Care, Inc.	752,687	34.9%
HMO Blue	512,350	23.8%
Health New England, Inc.	75,474	3.4%
Kaiser Permanente Northeast Division Health Plan*	28,873*	1.3%
One Health Plan of Massachusetts, Inc.	1,882	0.09%
Tufts Health Plan of New England, Inc.	493,737	22.9%
Total Members in Participating HMOs	2,157,052	100 %

* Membership for Kaiser was estimated using data from the Mass. Division of Insurance.

Components of HMO Spending

Spending Category

Definition

Medical Spending

Inpatient

Medical/Surgical
Maternity/Sick Newborns
Mental Health/Chemical Dependency
Other Inpatient

Acute and non-acute inpatient facility expenses, including inpatient mental health/chemical dependency services at acute and specialty hospitals, inpatient rehabilitation services, skilled nursing facility, hospice, long-term care facility services, and inpatient pharmacy. Excludes all professional expenses.

Outpatient

Ambulatory Surgery
Emergency Department
Radiology
Laboratory
Other Outpatient
Home Health
Observation

Outpatient facility expenses, including radiology, laboratory, ambulatory surgery procedures and emergency department facility expenses excluding those that result in an inpatient stay. Includes the facility component of all other non-inpatient, non-pharmacy medical services such as mental health/chemical dependency day treatment, durable medical equipment, hospital outpatient services, and other outpatient services (e.g., dental, vision, fitness). Excludes all professional expenses.

Professional

Medical/Surgical
Mental Health/Chemical Dependency
Other Professional

All professional expenses associated with the delivery of inpatient and outpatient services by providers practicing in primary care, medical/surgical, maternity, mental health/chemical dependency and all specialties, including MDs, RNs, LICSWs, therapists (speech, PT, OT), etc. Includes cost of visits to providers with capitated contracts.

(continued on page 6)

Components of HMO Spending

Pharmacy

Pharmacy expenses. Excludes inpatient pharmacy expenses.

Non-Medical Spending

Administration

Advertising, Claims Processing, Information Systems, Marketing, Member Services, Provider Relations, and Other Administration

General and administrative services.

Surplus

Reserves, surplus and returns to shareholders.

Other Non-Medical

Reinsurance and expenses which may include federal income taxes and state premium tax.

HMO Enrollment in Massachusetts, 1998

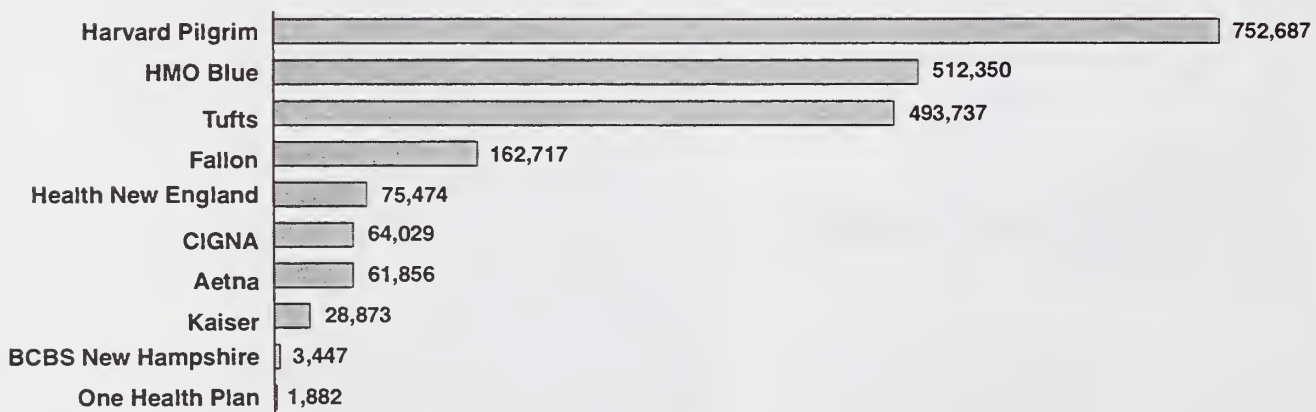


Figure 1

Data Caveats

Health plans were not able to provide all data according to the specifications in the Rate Analysis Survey. In some cases their information systems did not capture the information in the format we requested it. In other cases, the compensation arrangements between plans and providers, such as capitation, or service delivery through plan-owned health centers, made details unavailable. In the following section, we call the reader's attention to differences in the way health plans responded to our request for information.

HMO Name	Data Issue
Aetna	<ul style="list-style-type: none"> - Aetna did not submit non-medical spending data. - Medical expenses were derived from internal cost-reports. - Some hospital-based physician expenses were included in professional visits. - Pharmacy costs include inpatient pharmacy. - Maternity, well newborns, and sick newborns are combined.
CIGNA	<ul style="list-style-type: none"> - Outpatient Hospital Medical Expenses - Other includes: DME, Transportation, Hospital Outpatient, and Eye Care
Fallon	<ul style="list-style-type: none"> - Fallon capitates providers for a large percentage of services. In 1998, capitated services included hospital services, professional services and prescription medications, and accounted for 80% of Fallon's payments to providers. <p>Because it capitates, Fallon does not have detailed information about spending PMPM by category. To respond to our request for information about spending pmpm, Fallon used fee-for-service equivalents to estimate the individual categories of medical expenses. The conversion preserves the ratios of spending by category, but consistently overestimates actual spending.</p> <p>In this report, Fallon's total medical spending PMPM is \$137.18. Fallon's actual total medical</p>

(continued on page 8)

Data Caveats (continued)

	spending for 1998, including capitation and fee-for-service, was \$128.89 PMPM (unaudited).
Harvard Pilgrim	<ul style="list-style-type: none">- Harvard Pilgrim had difficulty calculating its administrative costs by product line. The plan produced an estimate of administrative spending for all commercial products combined, but did not provide this information until the report was almost done. We were not able to incorporate the information into most charts.- Pharmacy expenses include inpatient pharmacy.- Total inpatient expenses include some hospital-based physician expenses.- Professional Visit Expenses - Other includes: PCP Management Fee and in-center capitation.- Medical expenses were derived from internal cost-monitoring reports.
Health New England	<ul style="list-style-type: none">- Non-medical expenses include loss on equipment disposal and acquisition costs related to joint venture with Harvard Pilgrim Health Care, Inc.- Outpatient Hospital Medical Expenses - Other includes: durable medical equipment, ambulance and outpatient diagnostic expenses.
Kaiser	<ul style="list-style-type: none">- Kaiser submitted data, for their Northeast Division, so it includes Massachusetts, Connecticut, New York, and Vermont. We used enrollment data from the Massachusetts Division of Insurance as the denominator in preventable hospitalization rates. Kaiser did not submit pharmacy or non-medical spending data. Kaiser did not submit spending data for Professional Visits - Other.
One Health Plan	<ul style="list-style-type: none">- This HMO began doing business in Massachusetts very recently; it has been enrolling members since December of 1997.- Total Professional Expenses include services from line 8 of NAIC report less lab and radiology expenses.

(continued on page 9)

Data Caveats (continued)

- Administrative costs for One Health Plan reflect only functions the local office performs and excludes costs such as claims adjudication, marketing, etc.
- Mental health/chemical dependency costs are based on One Health Plan's grouping of codes. These roughly approximate the HEDIS services categories.
- Outpatient Hospital Medical Expenses - Other includes services from line 11 of NAIC report.
- Other Inpatient Expenses include services from Line 12 of the NAIC report.

Tufts

- Spending per member per month figures presented do not correspond exactly to the HEDIS service category definitions. Tufts has its own service categories for internal reporting which roughly approximate the HEDIS service category definitions.
- Outpatient Hospital Medical Expenses – Other includes: injections/immunizations, therapies, diagnostics, durable medical equipment and transportation.
- Ambulatory Cost Per Encounter, Emergency Room include professional costs.
- Professional Visit Expense did not include physician inpatient visits and physician emergency room visits.
- Ambulatory Cost per encounter is estimated based upon expected utilization of services that were capitated.
- Early intervention visits are included in Professional Visits - Other.
- Capitated figures were used to calculate mental health and chemical dependency expenses of costs per unit.
- Utilization numbers are based upon utilization in ME, NH, and RI in addition to Massachusetts members. Tufts predicts little difference between Massachusetts members and Tuft's entire commercial population.

National and Regional Spending Comparisons

On average, health insurance purchased from an HMO in the United States cost \$139.29 per member per month (PMPM) in 1998. In New England, the price was somewhat higher, \$170 PMPM (Milliman and Robertson p.53). Massachusetts fell between the two, at \$159.00 PMPM, 14% higher than the national average, but 6.9% lower than the region.

Unfortunately, Milliman and Robertson only received data from Massachusetts and Connecticut in 1998, and Connecticut, at \$184 PMPM, was the most expensive state in the country. In 1997, Maine and New Hampshire also contributed data, and the regional average, \$158.43 was much closer to the 1997 Massachusetts average, \$157.78.

Health Insurance Costs

Is the higher cost of health insurance in Massachusetts a reflection of the higher cost of living?

The United States Bureau of Labor Statistics produces an index of the costs goods and services monthly, to monitor prices over time and to analyze regional price differences. Using a base year index of 100 in 1982, the Consumer Price Index (CPI) for all goods and services the United States in 1998 was 163.0. The CPI for Boston/Brockton/Nashua in 1998 was 171.7, only 5.3% higher than

the rest of the country. A five percent difference in the overall cost of living is not enough to account for a 14% difference in the cost of HMO coverage between Massachusetts and the US.

The CPI has a subcategory, "all medical care," that can help us answer the question. In 1998, the National Medical CPI, with a base year of 1982, was 242.1. For Boston/Brockton/Nashua, the 1998 Medical CPI was 313.9, or 30% higher than the national index.

We get a different picture when we look at the amount that HMOs spent for medical care PMPM nationally, and what they spent in Massachusetts, in 1998. The difference is not so large. On average, HMOs in the US spent \$117 PMPM to purchase medical care in 1998. In Massachusetts, HMOs spent about 12% more, \$131 PMPM.

If the Medical CPI tells us that health care in Massachusetts costs 30% more than the national average, why is the medical component of the average Massachusetts HMO premium only 12% higher than the national average? The answer lies in how the Medical CPI is constructed. The Medical CPI is created by asking doctors and hospitals how much they charge for common services. Doctors and hospitals tell surveyors how much they would charge, that is, how much they would like to be paid, for an office visit, or for an overnight stay in the hospital.

The amount of money that doctors and hospitals would like to be paid is often much higher than health insurers, including HMOs, actually pay them. The amount that doctors and hospitals would like to earn for a service is the amount that goes into calculating the CPI. The amount of money that health plans actually pay doctors and hospitals is the amount that they spend per member per

month, and the amount used to determine the monthly premium. The amount that health plans pay doctors and hospitals is a more accurate reflection of the cost of health care in Massachusetts than the Medical CPI.

Non-Medical Sending

Massachusetts HMOs spend less than the 5.3% greater cost of living here would predict. Massachusetts spends 3% more on administration PMPM, \$25, than the national average, \$23 PMPM.

Volume versus Unit Costs

The overall and Medical CPIs tell us about the relative cost of a fixed set of goods and services, across time and geography. The Index is a weighted average of the costs of the goods and services in a theoretical market basket. It does not provide information about the relative cost of particular services, such as hospital days, or doctor visits. But we would still like to know if we buy more health care per person, or pay more for each unit of health care.

The largest shares of medical spending represents payments to hospitals (the inpatient component) and payment to doctors (the professional component). We do not have access to information on the average amount HMOs spend for inpatient services nationally, but we can make some other comparisons that help us understand how

Massachusetts hospital spending compares to national hospital spending.

The amount of money a health plan pays for inpatient care is a function of the average cost per day, the admission rate, and the average length of stay. The Massachusetts average acute care cost per day of \$1,336, is less than 2% above the U.S. average of \$1,316. However, the average rate of admission for Massachusetts is the lowest in the country at 56.2 admissions per thousand plan members, versus a national average of 63.5 per thousand. The average number of inpatient days per thousand members in Massachusetts is the second lowest in the country, at 229.2 days per thousand members, compared to a national average of 239. If our cost per day, admission rate, and days per thousand for inpatient care are all lower than the national average, the total amount of money we spend for inpatient care per member per month must be less than the national average.

Having eliminated inpatient care as the reason for higher medical spending, we are left with only one explanation: we spend more PMPM for physician services in Massachusetts than the national average. Higher utilization of physician services is correlated with the number of physicians per capita. In 1997, the number of physicians in the Boston Metropolitan area was 2.6 per thousand people, which is nearly 37% higher than the 1.9 physicians per thousand people in metropolitan areas in the United States.¹

¹ American Medical Association and American Osteopathic Association

HMO Total Spending Per Member Per Month Massachusetts versus U.S. Regions, 1998

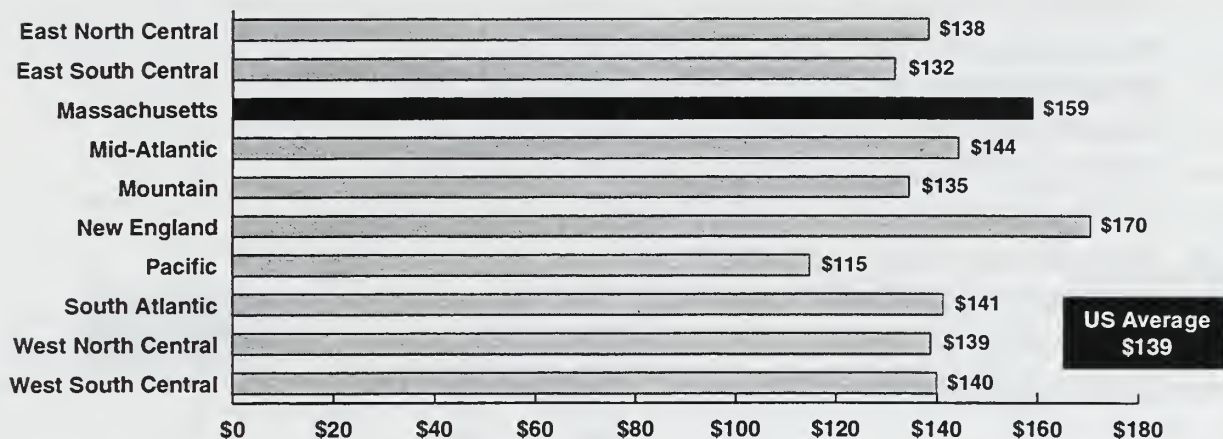


Figure 2

Source: 1998 HMO Intercompany Rate Survey (Millman & Robertson)

HMO Medical Spending PMPM Massachusetts versus U.S. Regions, 1998

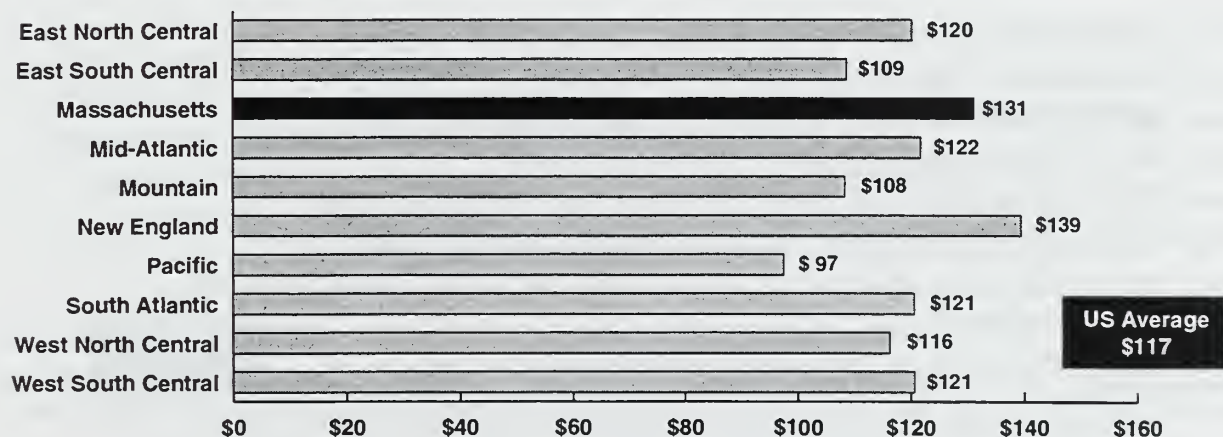


Figure 3

Source: 1998 HMO Intercompany Rate Survey (Millman & Robertson)

HMO Non-medical Spending PMPM Massachusetts versus U.S. Regions, 1998

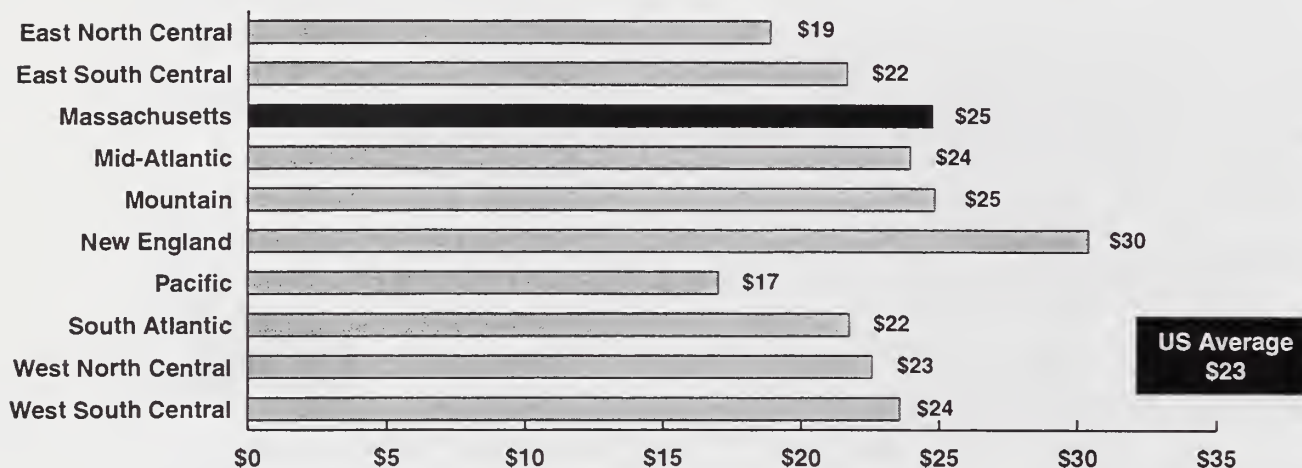


Figure 4

Source: 1998 HMO Intercompany Rate Survey (Millman & Robertson)

HMO Inpatient Acute Care Cost Per Day

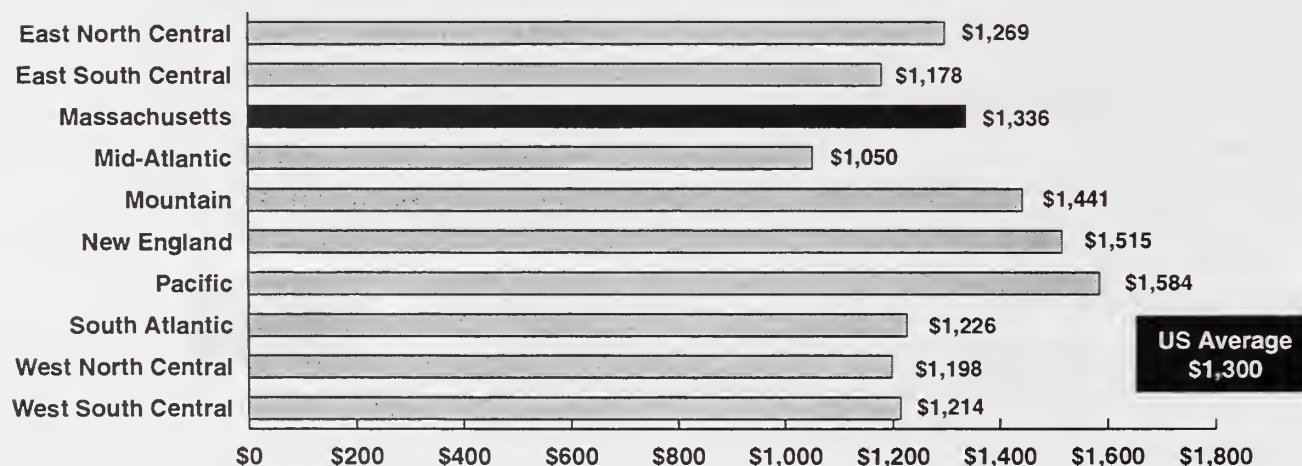


Figure 5

Source: 1998 HMO Intercompany Rate Survey (Millman & Robertson)

HMO Inpatient Acute Care Admissionss Per 1,000 Members

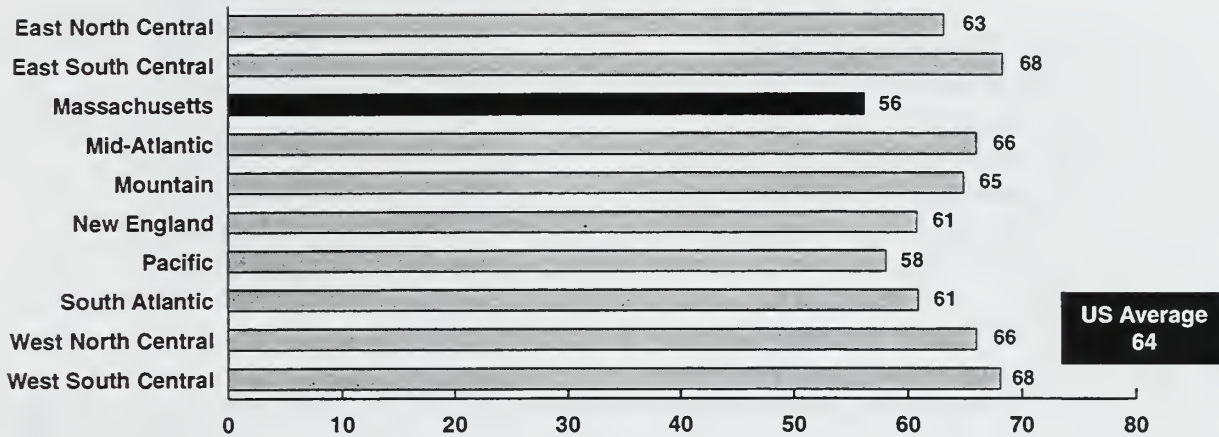


Figure 6

Source: 1998 HMO Intercompany Rate Survey (Millman & Robertson)

HMO Inpatient Acute Care Days Per 1,000 Members

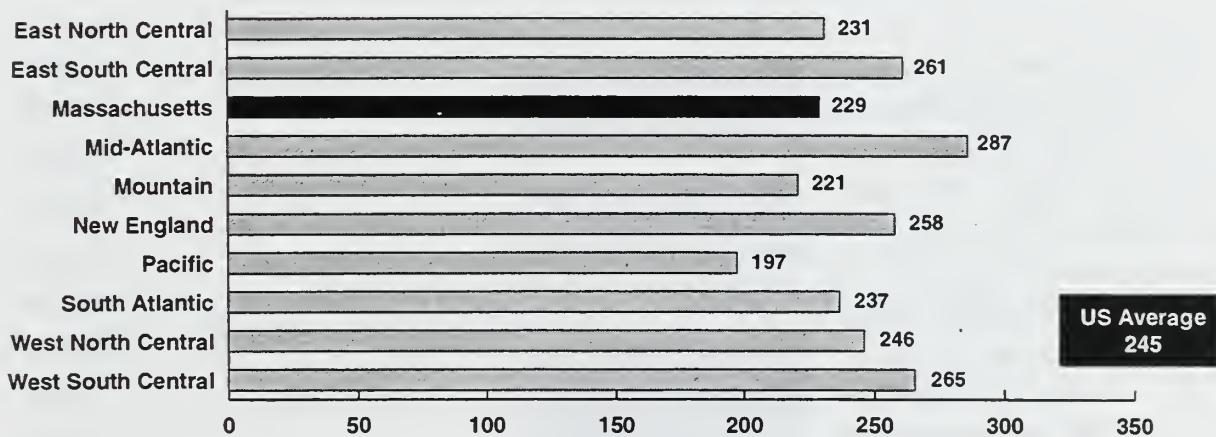


Figure 7

Source: 1998 HMO Intercompany Rate Survey (Millman & Robertson)

Median Spending and Utilization Patterns

The Total Per Member Per Month (Total PMPM) amount represents the total amount needed to cover all benefits for an HMO's non-Medicaid, non-Medicare, fully-insured membership. It is comprised of all medical and non-medical spending plus any net income or surplus that accrued to the HMO during the year.

Differences in spending PMPM between individual HMOs can result from differences in the utilization of health care services per member per month or differences in the unit costs of each service. Differences in utilization are a function of differences in the composition of each plan's membership. Age, gender, and health status influence utilization. In general, older patients use more services than younger patients. Women of childbearing age are more expensive to cover, on average, than men in the same age range.

Non-medical expenses also differ among plans. High administrative PMPM expenses may be due to increased HMO customer service representatives, additional claims processing staff for quicker payments, or investments in new programs. High ad-

**Total PMPM
Spending by Component**

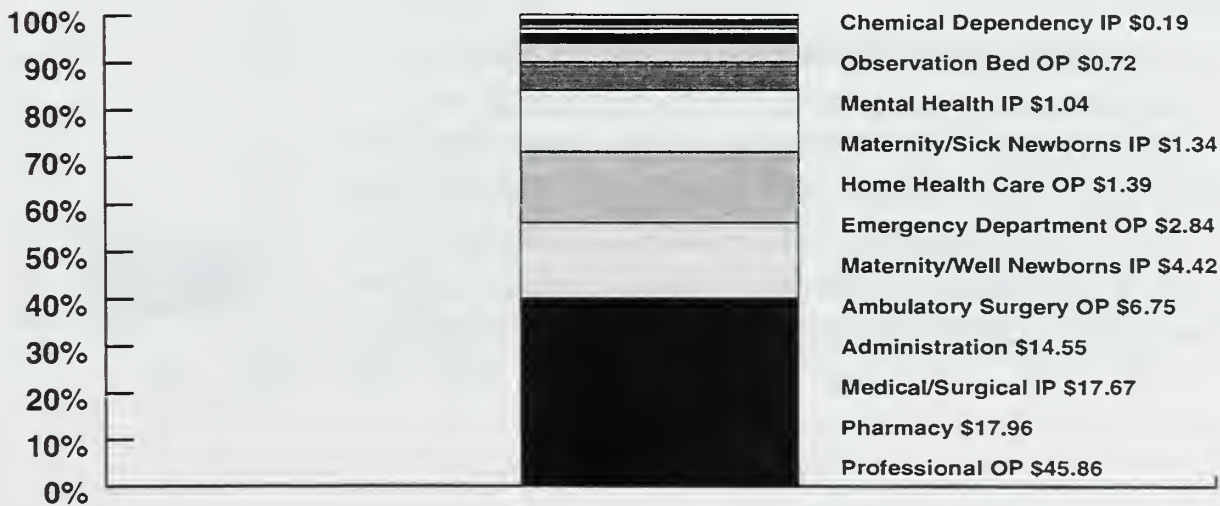


Figure 8

ministrative PMPM expenses may also be due to inefficient administration. The Massachusetts Healthcare Purchaser Group (MHPG) and the Division of Health Care Finance and Policy were disappointed that several plans failed to provide administrative data. Plans should be willing and able to provide information about their administrative spending. Purchasers may want to ask the plans that did not provide administrative data why they failed to do so.

The overall median HMO spending pattern for 1998 appears in Figure 8 (see page 17) and Figure 9 (below). The two tables (opposite) that follow these figures present individual health plan spending for each of the major spending categories. Table 4 and Table 5 (see page 20) present inpatient and outpatient utilization information for each plan. The left most column of each utilization table lists the total inpatient days and

outpatient visits per thousand members respectively. Subcategories of the totals are listed in the columns to the right.

Pharmacy Expenses

Higher than average pharmacy expenses are the combined result of 1) high drug utilization rates and/or 2) high costs per unit for prescription drugs. Higher than average prescriptions per member may indicate ineffective drug utilization management or it may reflect an alternative to utilization of other types of care.

Greater use of pharmacy in lieu of other types of care may be appropriate in terms of cost-effectiveness and outcomes for some services. Low drug utilization may indicate effective utilization management, or a restricted pharmacy benefit that may result in over utilization of other services.

Total Spending Per member Per Month Unadjusted, 1998

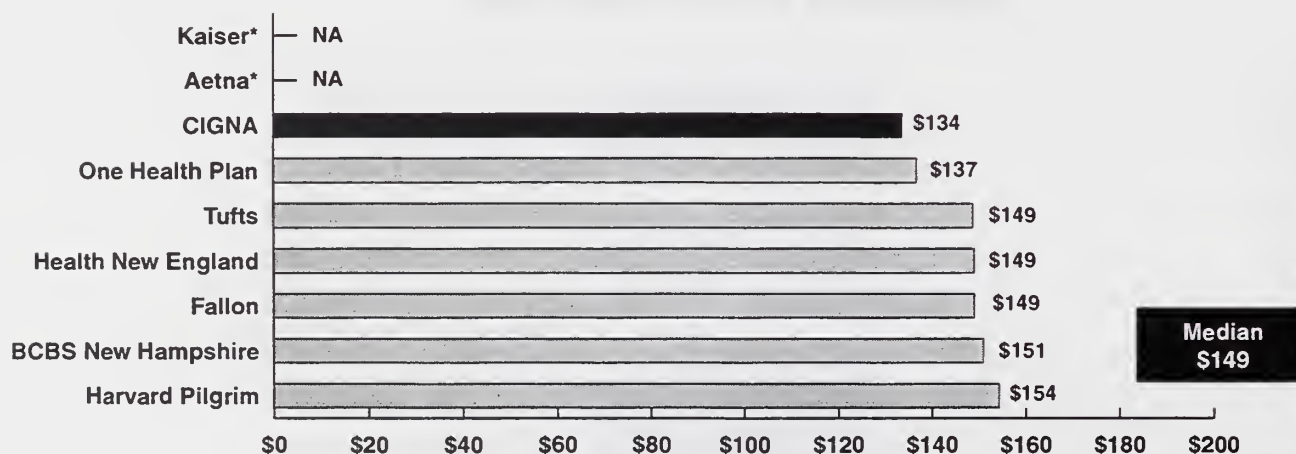


Figure 9

Table 2: Medical versus Non-Medical Components, 1998

HMO	Total PMPM	Total Medical		Total Non-Medical	
		PMPM	% of Total	PMPM	% of Total
Kaiser*	N/A	N/A	N/A	N/A	N/A
Aetna*	N/A	N/A	N/A	N/A	N/A
CIGNA	\$133.59	\$116.50	87%	\$17.09	13%
One Health Plan**	\$136.64	\$129.34	95%	\$7.30	5%
Tufts	\$148.68	\$130.78	88%	\$17.90	12%
Health New England	\$148.98	\$129.19	87%	\$19.79	13%
Fallon	\$149.02	\$137.18	92%	\$11.84	8%
BCBS New Hampshire	\$150.93	\$138.54	92%	\$12.39	8%
Harvard Pilgrim	\$154.29	\$140.62	91%	\$13.67	9%
HMO Blue	\$160.37	\$134.83	84%	\$25.54	16%
Median	\$149.00	\$132.81	90%	\$15.38	10%

* Plan did not submit data

** One Health Plan did not include administrative costs for services provided by corporate home office

Table 3: Components of Medical Expenses, 1998

HMO	Total Medical PMPM	Total Professional Services		Other Outpatient Medical		Inpatient		Pharmacy	
		PMPM	% of Total	PMPM	% of Total	PMPM	% of Total	PMPM	% of Total
HMO Blue*	NA	NA	NA	NA	NA	NA	NA	NA	NA
Kaiser**	\$87.61	\$41.27	NA	\$24.91	NA	\$21.43	NA	NA	NA
CIGNA	\$116.50	\$48.67	42%	\$26.40	23%	\$23.10	20%	\$18.33	16%
Aetna	\$128.65	\$38.02	30%	\$39.56	31%	\$32.19	25%	\$18.88	15%
Health New England	\$129.19	\$53.46	41%	\$30.08	23%	\$24.99	19%	\$20.66	16%
One Health Plan	\$129.34	\$55.04	43%	\$38.33	30%	\$26.53	21%	\$9.44	7%
Tufts	\$130.78	\$44.24	34%	\$44.15	34%	\$26.04	20%	\$16.35	13%
Fallon	\$137.18	\$50.52	32%	\$42.02	31%	\$27.05	20%	\$17.59	13%
BCBS New Hampshire	\$138.54	\$48.86	35%	\$48.35	35%	\$28.73	21%	\$12.60	9%
Harvard Pilgrim	\$140.62	\$53.65	38%	\$36.84	26%	\$28.57	20%	\$21.56	15%
Median	\$133.39	\$49.69	37%	\$38.95	29%	\$26.79	20%	\$17.96	14%

* Plan did not submit data

Table 4: Utilization - Total Inpatient Days Per 1000 Members

HMO	Total Inpatient Acute	Medical/Surgical	% of Total	Maternity/Well-Sick	% of Total	Chemical Dep/Mental Health	% of Total
	Total Days	Total Days	Acute Days	Total Days	Acute Days	Total Days	Acute Days
HMO Blue*	NA	NA	NA	NA	NA	NA	NA
BCBS New Hampshire	180	121.56	68%	34.8	19%	24.47	14%
Kaiser	206	153	74%	30	15%	23	11%
CIGNA	209.5	129.7	62%	57	27%	22.8	11%
Tufts	211	125	59%	54	26%	31	15%
Aetna**	249	175.8	71%	52.4	21%	18.7	8%
Fallon***	259.76	185.1	71%	38	15%	36.64	14%
One Health Plan	269.9	120.6	45%	68	25%	81.3	30%
Health New England	284.3	176	62%	79.6	28%	28.7	10%
Harvard Pilgrim	308.61	184.53	60%	80.28	26%	43.8	14%
Median	249.0	153.0	62%	54.0	25%	28.7	14%

* Plan did not submit data

** Aetna had 2.1 days in "other acute care days"

*** Fallon did not submit maternity sick newborn information

Table 5: Utilization - Outpatient Visits Per 1,000

HMO	Total Ambulatory Visits Per 1,000	Outpatient Visits	% of Total Ambulatory Visits	Other Outpatient Total Visits	% of Total Ambulatory Visits ¹	Emergency Room Total Visits	% of Total Ambulatory Visits	Ambulatory Surgery Total Days	% of Total Ambulatory Surgery
One Health Plan	NA	NA	NA	NA	NA	NA	NA	NA	NA
HMO Blue*	NA	NA	NA	NA	NA	NA	NA	NA	NA
Aetna	3,356	2,315	69.0%	787	23.5%	189	5.6%	65	1.9%
BCBS New Hampshire	4,196	3,456	82.4%	519	12.4%	153	3.6%	68	1.6%
Fallon	4,211	3,536	84.0%	501	11.9%	122	2.9%	52	1.2%
CIGNA	4,363	3,587	82.2%	514	11.8%	170	3.9%	92	2.1%
Tufts	4,367	3,632	83.2%	515	11.8%	154	3.5%	66	1.5%
Health New England	5,374	4,385	81.6%	744	13.8%	148	2.8%	97	1.8%
Kaiser*	5,905	5,701	96.5%	49	0.8%	103	1.7%	52	0.9%
Harvard Pilgrim	6,496	5,135	79.0%	1,096	16.9%	209	3.2%	56	0.9%
Median	4,365	3,610	82.3%	517	12.1%	153.5	3.4%	65.5	1.6%

* Plan did not submit data

¹ Data include: mental health outpatient visits, chemical dependency visits, home health care visits and observation beds.

Table 6: Pharmacy Expenses - Utilization and Unit Cost

	Low	Median	High
Pharmacy Expenses PMPM (for all members, excluding copays)	\$9.44	\$17.96	\$21.56
Prescriptions Per Member Per Year	4.52	7.24	8.74
Cost Per Prescription	\$27.04	\$30.03	\$32.05

Preventable Hospitalizations

Sometimes doctors can avoid hospitalizing patients by providing the appropriate treatment in a timely fashion through the ambulatory care system. Researchers have identified 24 diseases or conditions that do not usually require hospitalization, if the right care is provided quickly enough. We can count the number of times, per thousand members, that a member of a health plan was hospitalized for something that could have been treated earlier or better. The number of preventable hospitalizations per 1,000 members will never equal zero, because health plans cannot control every aspect of a member's life, but lower is better. When a patient is hospitalized for one of these conditions, opportunities to provide care earlier have been missed.

The preventable hospitalization rates for our HMOs varies from 4.3 to 7.9 per thousand members. There are numerous factors that can lead to variations in preventable hospitalization rates. For example, an HMO could have a higher proportion of members with ambulatory care sensitive conditions compared to other HMOs or an HMO's providers could be more difficult to access (e.g. geography or hours). It is possible that an HMO's clinicians do not appropriately treat or follow-up with patients who have ambulatory care sensitive conditions.

In 1998, 41,022 people aged 0 to 64 were discharged from Massachusetts hospitals with conditions that should not have required hospitalization. This overall rate of preventable hospitalization in Massachusetts was approximately 7.8 per thousand. The preventable hospitalization rate for HMO plan enrollees was approximately 5.5 per thousand members or 29% less than the overall rate in Massachusetts.¹ Note that the total preventable hospitalization rate in Massachusetts includes Medicaid members and uninsured people who traditionally have higher preventable hospitalization rates than the average.

¹ Division of Health Care Finance and Policy Preventable Hospitalization Database.
Plan enrollment numbers from the Massachusetts Division of Insurance, December 31, 1998.

Notes

- 1) For further analysis of preventable hospitalization information by payer type, ZIP Code, etc. please contact the Division of Health Care Finance and Policy.
- 2) These data do not include Massachusetts residents who were hospitalized in states surrounding Massachusetts.
- 3) BCBS New Hampshire's data were omitted because most routine admissions are to New Hampshire hospitals.
- 4) To ensure patient confidentiality, only the top five (5) preventable hospitalization conditions are listed for Kaiser. The total number of discharges for all other conditions were less than six (6) discharges per condition.
- 5) To ensure patient confidentiality, the top ten (10) preventable hospitalizations for One Health Plan were omitted because they were less than six (6) discharges per condition.

**Table 7: All 24 Conditions
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64**

Payer Source	Number of Discharges	Total Days	Average Length of Stay	Admission Per 1,000 Members
Aetna	395	1,295	3.28	6.5
HMO Blue	2,973	11,147	3.75	5.8
CIGNA	395	1,370	3.47	6.2
Fallon	892	2,835	3.18	5.6
Kaiser	228	761	3.34	7.9
Harvard Pilgrim	4,255	14,142	3.32	5.7
Health New England	318	1,008	3.17	4.3
One Health Plan	13	30	2.31	6.9
Tufts	2,332	7,792	3.34	4.8
Total	11,801	40,380	3.42	5.5
 All Payer Sources	 41,022	 161,863	 3.95	 7.8

Table 8: Aetna
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64

Top 10 Conditions	Number of Discharges	Average Length of Stay (Days)
Asthma	70	2.57
Bacterial Pneumonia	65	4.17
Dehydration	44	2.75
Cellulitis	39	3.44
Congestive Heart Failure	37	3.84
Kidney / Urinary Infection	24	3.46
Chronic Obstructive Pulmonary Disease	22	4.14
Diabetes	21	3.67
Convulsions	20	2.1
Angina	14	1.79
Total All 24 Conditions	395	3.28

Table 9: HMO Blue
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64

Top 10 Conditions	Number of Discharges	Average Length of Stay (Days)
Bacterial Pneumonia	522	4.65
Asthma	494	3.04
Dehydration	277	3
Cellulitis	276	3.52
Congestive Heart Failure	251	4.84
Chronic Obstructive Pulmonary Disease	231	5.21
Kidney / Urinary Infection	200	3.01
Diabetes	199	3.66
Convulsions	113	3.5
Gastroenteritis	102	2.42
Total All 24 Conditions	2,973	3.75

Table 10: CIGNA
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64

Top 10 Conditions	Number of Discharges	Average Length of Stay (Days)
Bacterial Pneumonia	82	4.04
Asthma	53	3.09
Chronic Obstructive Pulmonary Disease	46	4.09
Dehydration	36	2.75
Cellulitis	33	2.52
Kidney / Urinary Infection	31	3.55
Congestive Heart Failure	27	5.07
Diabetes	25	3.68
Angina	19	1.89
Gastroenteritis	11	2.18
Total All 24 Conditions	395	3.47

Table 11: Fallon
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64

Top 10 Conditions	Number of Discharges	Average Length of Stay (Days)
Asthma	148	2.49
Bacterial Pneumonia	143	3.7
Chronic Obstructive Pulmonary Disease	82	4.79
Cellulitis	76	3.04
Congestive Heart Failure	68	4.1
Diabetes	65	3.42
Dehydration	62	2.61
Kidney / Urinary Infection	57	3.12
Convulsions	51	2.71
Angina	32	1.88
Total All 24 Conditions	892	3.18

**Table 12: Harvard Pilgrim
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64**

Top 10 Conditions	Number of Discharges	Average Length of Stay (Days)
Asthma	791	2.77
Bacterial Pneumonia	708	3.95
Dehydration	444	2.36
Cellulitis	391	2.9
Kidney / Urinary Infection	306	3.02
Congestive Heart Failure	303	4.45
Diabetes	295	3.96
Chronic Obstructive Pulmonary Disease	277	4.77
Convulsions	202	3.24
Angina	120	1.56
Total All 24 Conditions	4,255	3.32

**Table 13: Health New England
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64**

Top 10 Conditions	Number of Discharges	Average Length of Stay (Days)
Bacterial Pneumonia	59	4.39
Asthma	54	2.31
Congestive Heart Failure	26	4.65
Dehydration	26	2.73
Cellulitis	26	3.38
Angina	25	1.68
Diabetes	25	3.04
Gastroenteritis	17	2.18
Kidney / Urinary Infection	16	2.94
Convulsions	14	3.43
Total All 24 Conditions	318	3.17

Table 14: Kaiser
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64

Top 5 Conditions*	Number of Discharges	Average Length of Stay (Days)
Bacterial Pneumonia	17	3.71
Asthma	16	2.13
Angina	10	1.9
Congestive Heart Failure	9	5.33
Chronic Obstructive Pulmonary Disease	8	4
Total All 24 Conditions	228	3.34

* Total number of discharges for all other conditions are less than 6, therefore these conditions were not included.

Table 15: Tufts
Fiscal Year 1998 Preventable Hospitalizations
Massachusetts ZIP Codes only (01001-02791)
Ages 0-64

Top 10 Conditions	Number of Discharges	Average Length of Stay (Days)
Asthma	412	2.93
Bacterial Pneumonia	377	4.14
Dehydration	249	2.38
Cellulitis	244	2.97
Diabetes	156	3.6
Chronic Obstructive Pulmonary Disease	153	4.48
Kidney / Urinary Infection	152	2.85
Congestive Heart Failure	143	3.87
Convulsions	119	2.96
Angina	73	1.89
Total All 24 Conditions	2,332	3.34

Table 16
Ambulatory Care Sensitive Conditions

Medical Conditions	ICD-9-CM Code
1. Angina	411.1, 411.8, 413
2. Asthma	493
3. Bacterial Pneumonia	481, 482.2, 482.3, 482.9, 483, 485, 4862
4. Chronic Obstructive Pulmonary Disease	491, 492, 494, 496, 466.0
5. Congenital Syphilis	090
6. Congestive Heart Failure	428, 402.01, 402.11, 402.91, 518.4
7. Convulsions	780.3
8. Dehydration	276.5
9. Diabetes	250.1, 250.2, 250.3, 250.8, 250.9, 250.0
10. Failure to Thrive	783.4
11. Gastroenteritis	558.9
12. Grand Mal Status and Epileptic Convulsions	345
13. Hypertension	401.0, 401.9, 402.00, 402.10, 402.90
14. Hypoglycemia	251.2
15. Immunization Related Conditions	033, 037, 045, 320.0, 390, 391
16. Invasive Cervical Cancer	180.0, 180.1, 180.8
17. Iron Deficiency Anemia	280.1, 280.8, 280.9
18. Kidney/Urinary Infection	590, 599.0, 599.9
19. Nutritional Deficiencies	260, 261, 262, 268.0, 268.1
20. Pelvic Inflammatory Disease	614
21. Severe ENT Infections	382, 462, 463, 465, 472.1
22. Tuberculosis (non-pulmonary)	012, 013, 014, 015, 016, 017, 018
23. Tuberculosis (pulmonary)	011
24. Cellulitis	681, 682, 683, 686

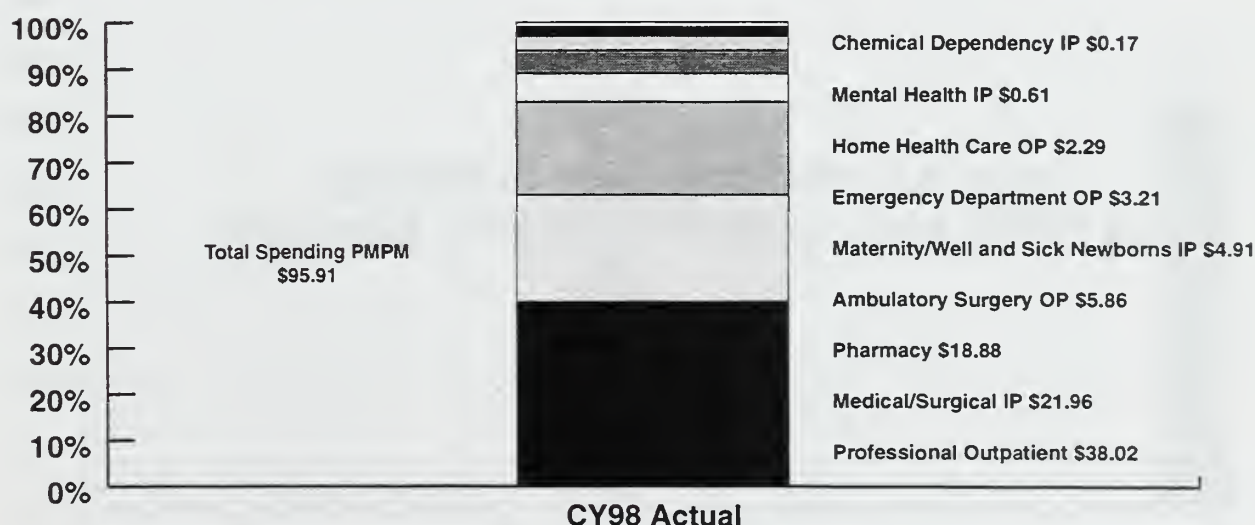
HMO Profiles

Aetna U.S. Healthcare, Inc.
400-1 Totten Pond Road, Waltham, MA 02154
(781) 902-3800

*Total Members:	73,668
1998 Revenue:	\$207,475,050
1998 Net Income:	-\$17,134,869
Participating Physicians in Massachusetts:	9,555
Participating Hospitals in Massachusetts:	82
Areas Served in Massachusetts:	Statewide

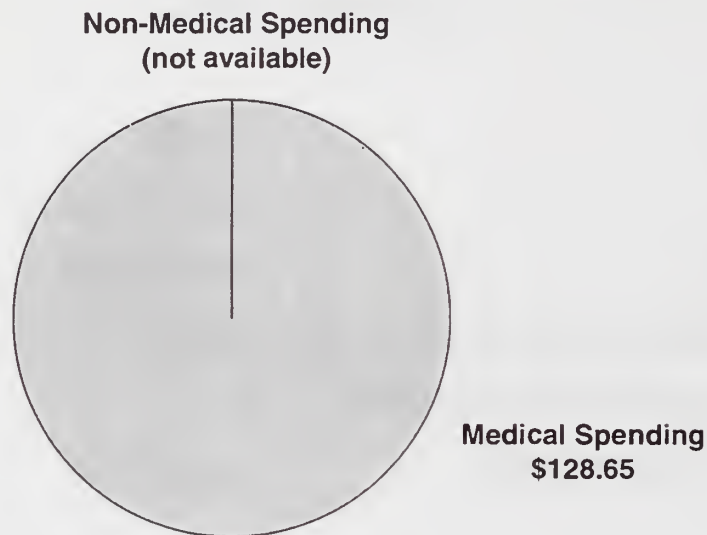
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

Aetna Medical Spending by Component



Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Aetna is missing non-medical expense information. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending



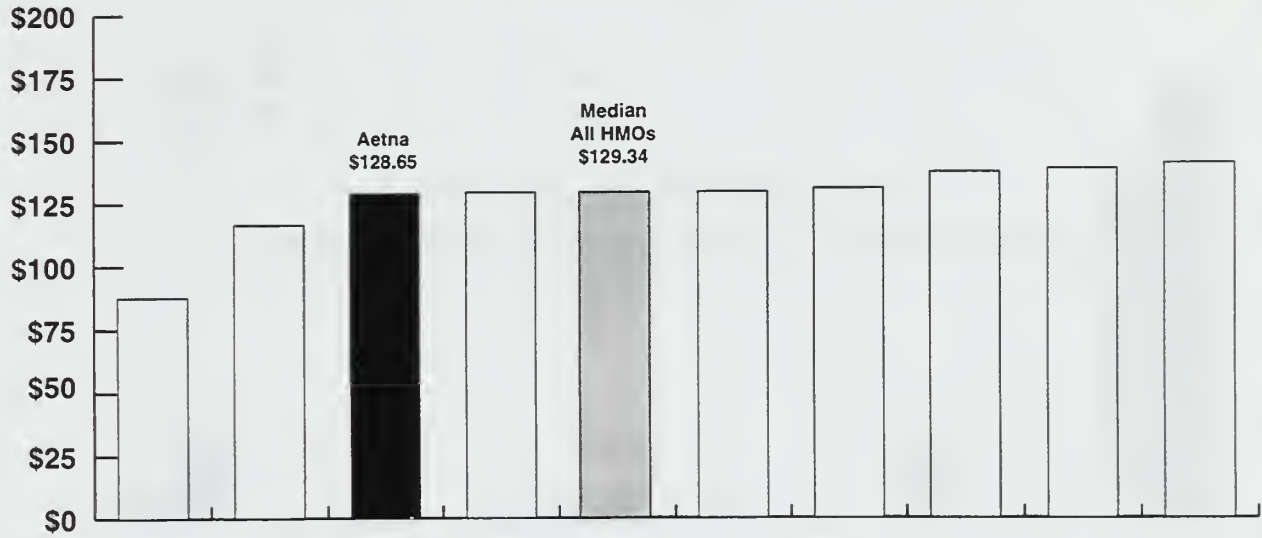
Note: Aetna is missing data for Non-Medical Spending.

Total Per Member Per Month Medical and Non-Medical Expenses

**Aetna U.S. Healthcare, Inc. is missing
Total PMPM Medical and Non-Medical Expenses.**

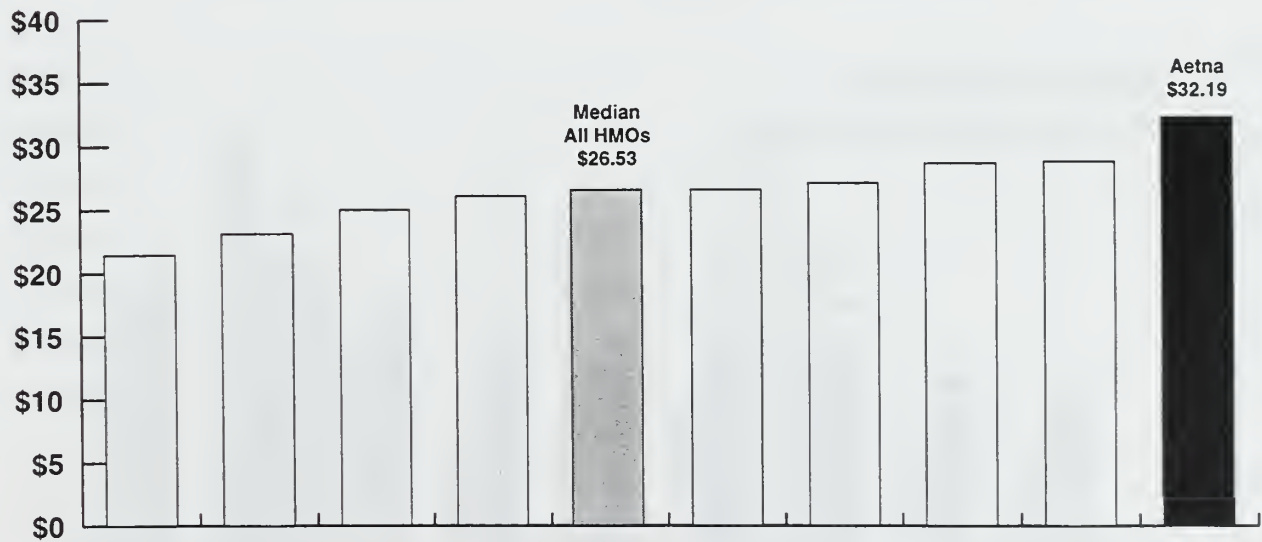
Note: Three plans including Aetna are missing data.

Medical Expenses PMPM

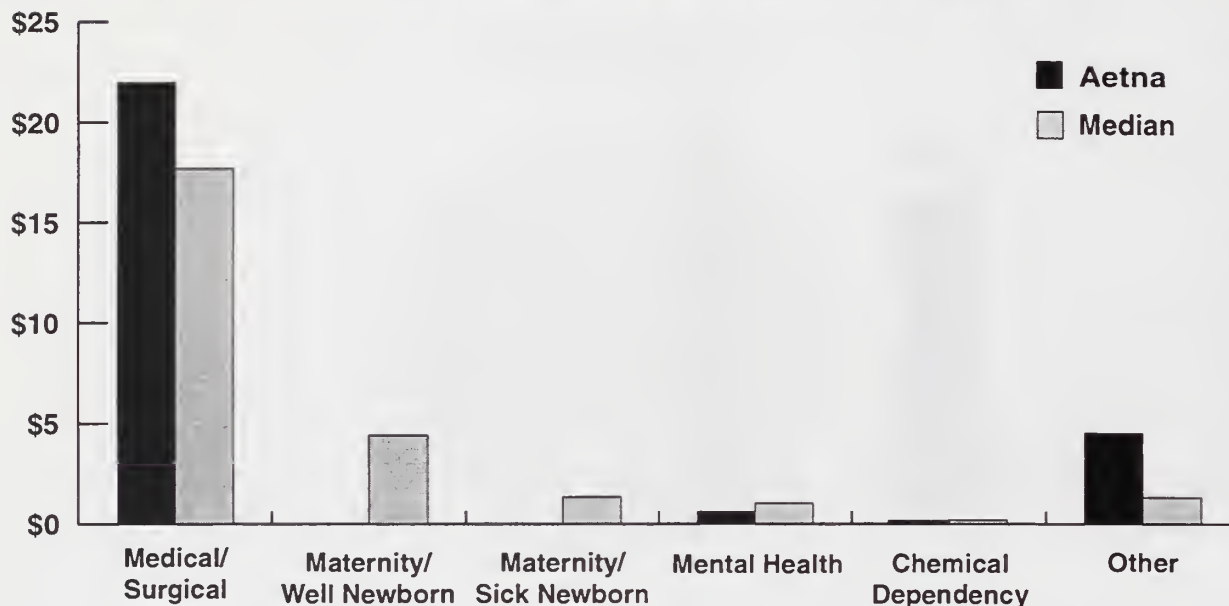


Note: Aetna used internal cost monitoring reports.

Inpatient Expenses PMPM

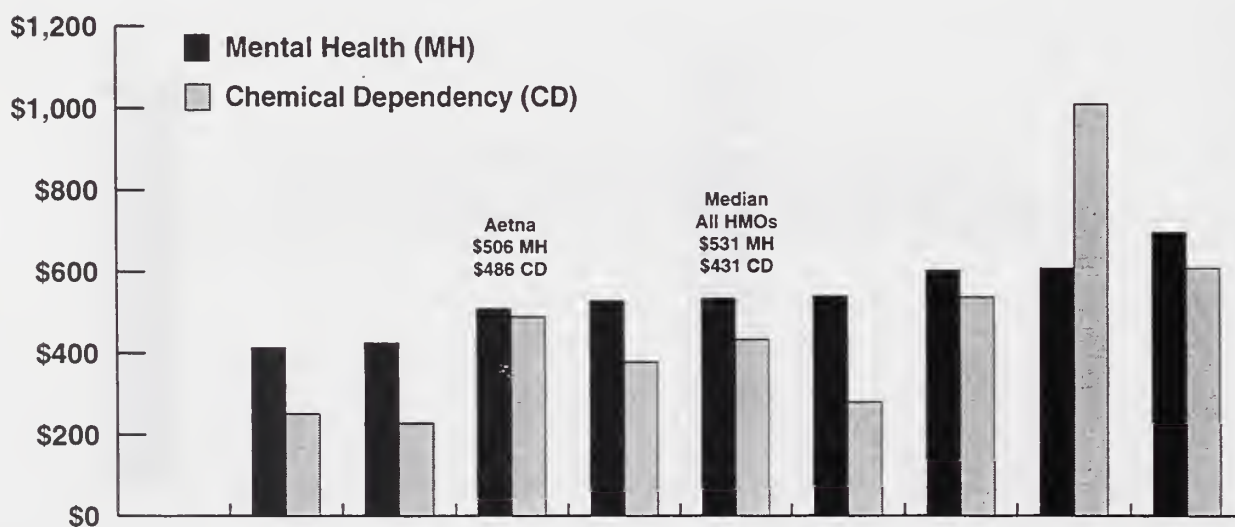


Components of Inpatient Medical Expenses PMPM



Note: Aetna submitted combined information for Maternity/Well Newborn and Maternity/Sick Newborn.

Inpatient Mental Health and Chemical Dependency Costs Per Day



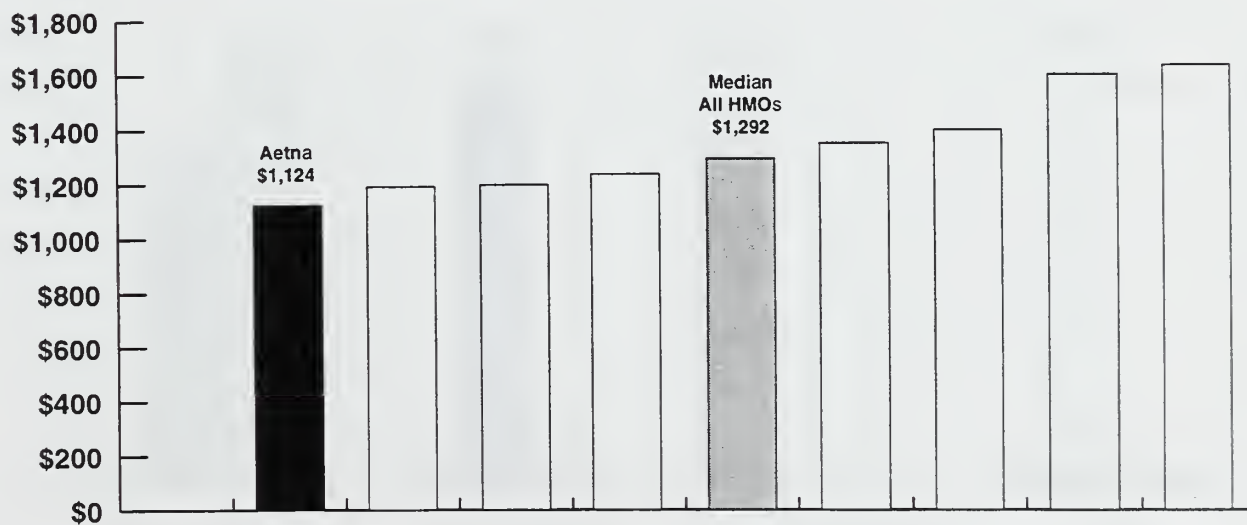
Note: One plan is missing data.

Maternity Inpatient Costs Per Day

**Aetna U.S. Healthcare, Inc.
is missing Maternity Inpatient Costs Per Day.**

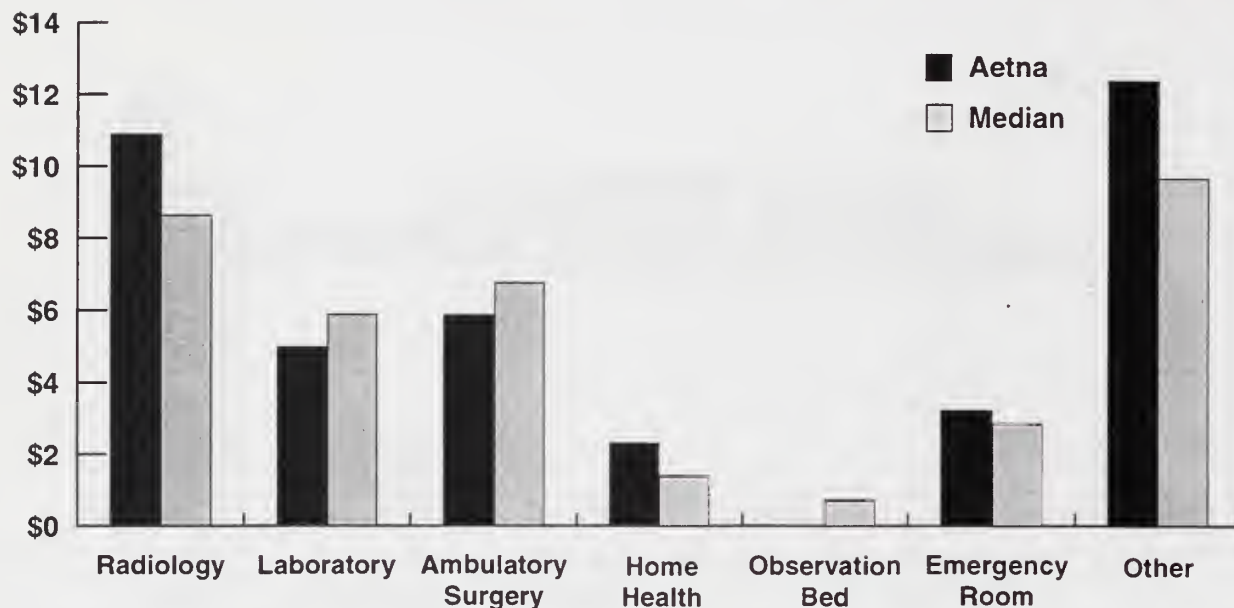
Note: Three plans including Aetna are missing some or all data.

Medical/Surgical Inpatient Costs Per Day



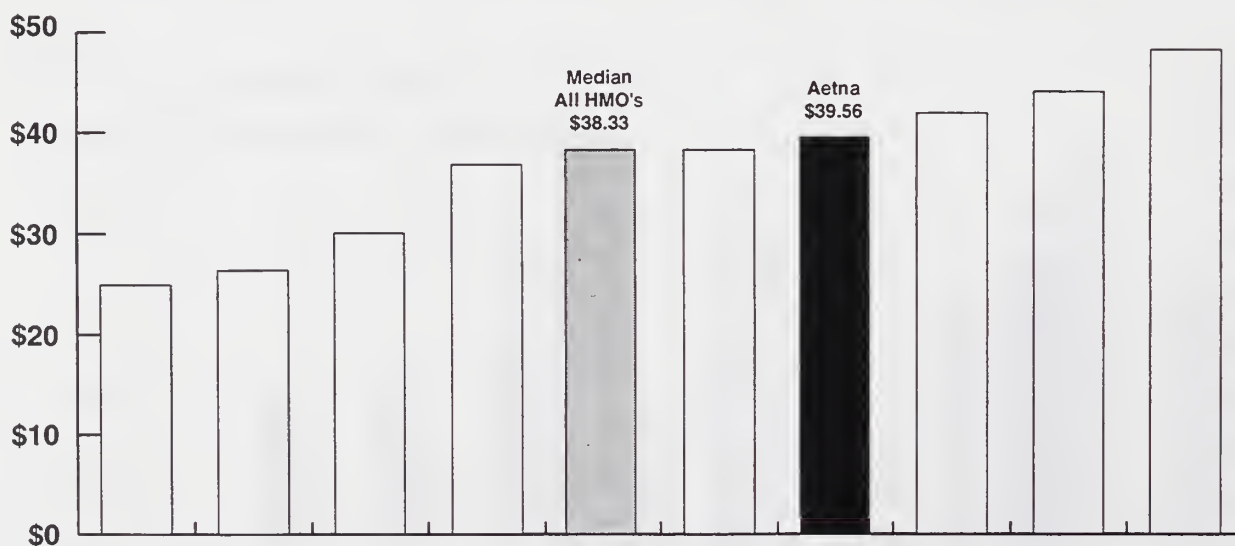
Note: One plan is missing data.

Components of Hospital Outpatient Medical Expenses



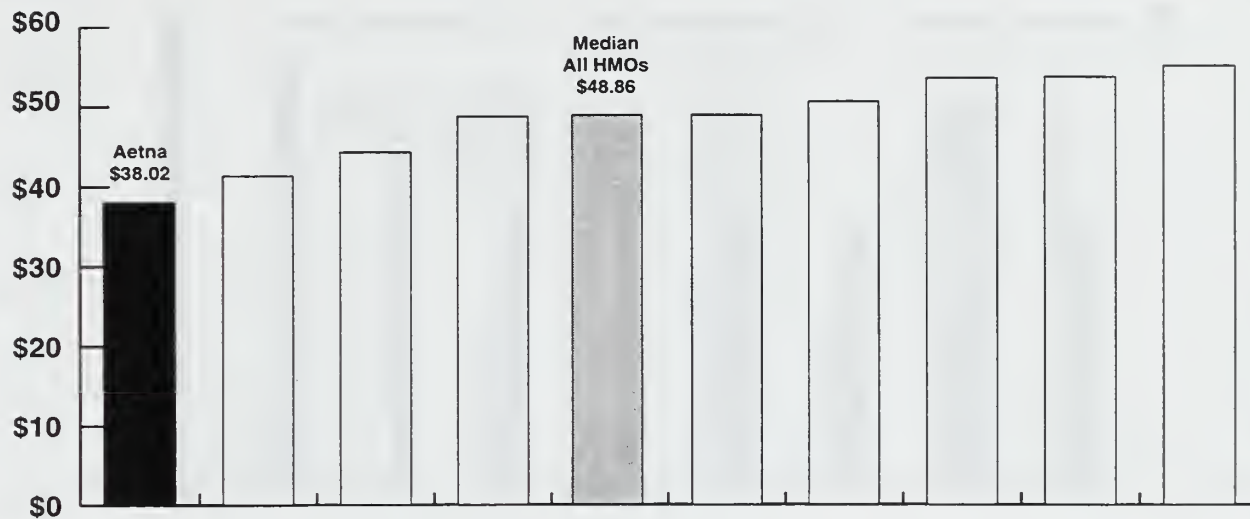
Note: Aetna is missing data for Observation Bed.

Other Hospital Outpatient Medical Expenses PMPM



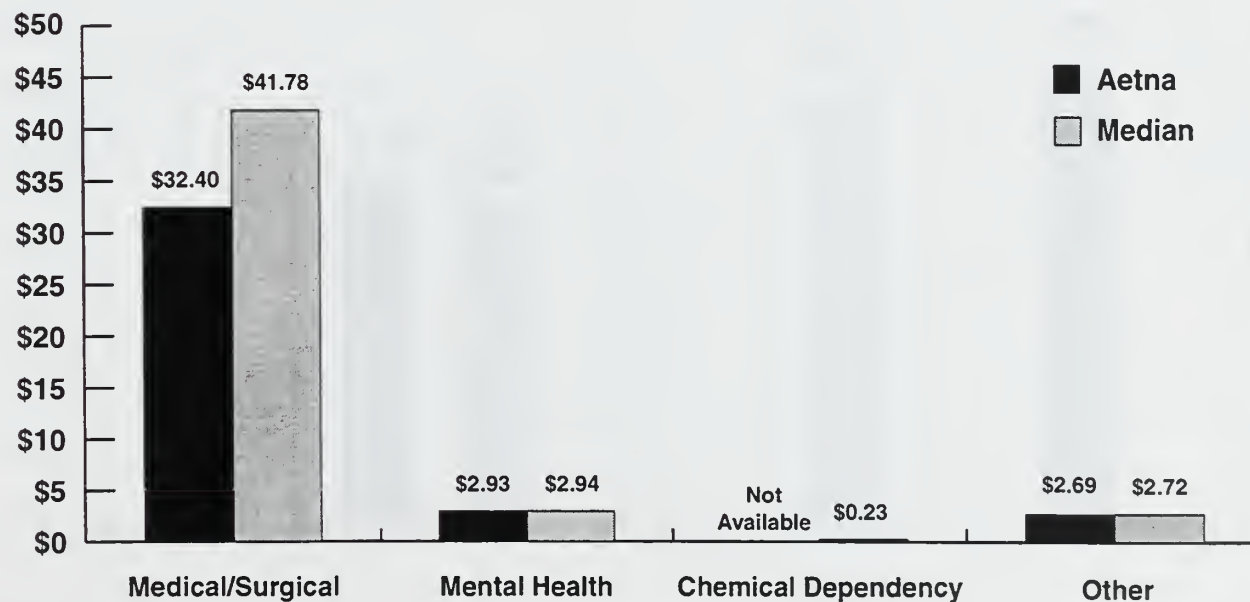
Note: Aetna included mental health/chemical dependency, dialysis, and miscellaneous hospital outpatient services.

Professional Visit Expenses PMPM



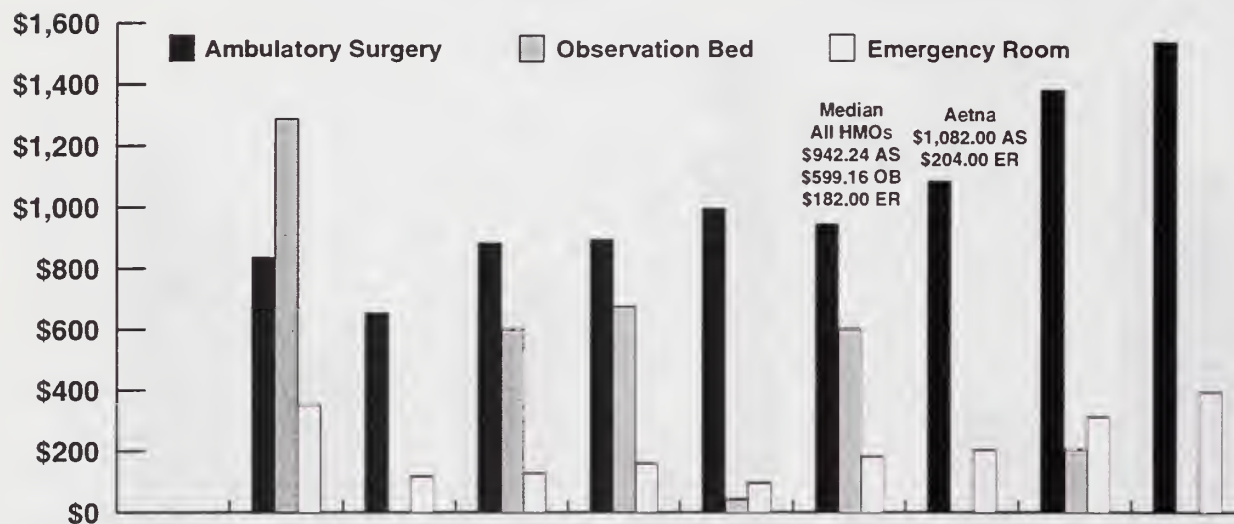
Note: Aetna included some hospital-based physician expenses.

Components of Professional Visit Expenses



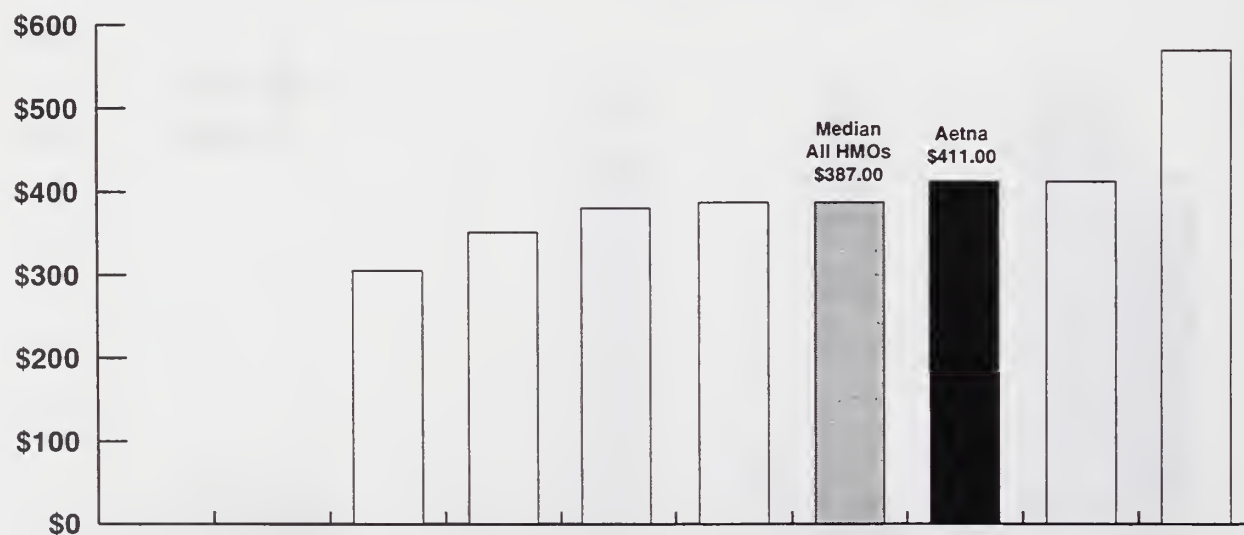
Note: Aetna included some anesthesia and miscellaneous physician services in their expenses. Aetna is missing data for Chemical Dependency.

Ambulatory Cost Per Encounter



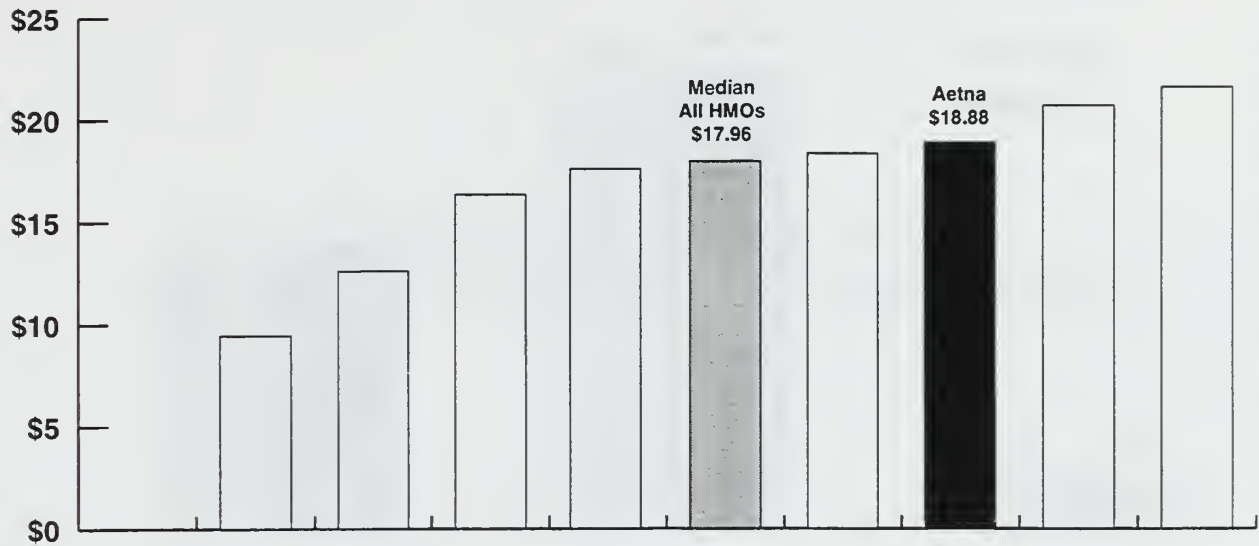
Note: Four plans including Aetna are missing some or all data.

Skilled Nursing Facility Cost Per Day



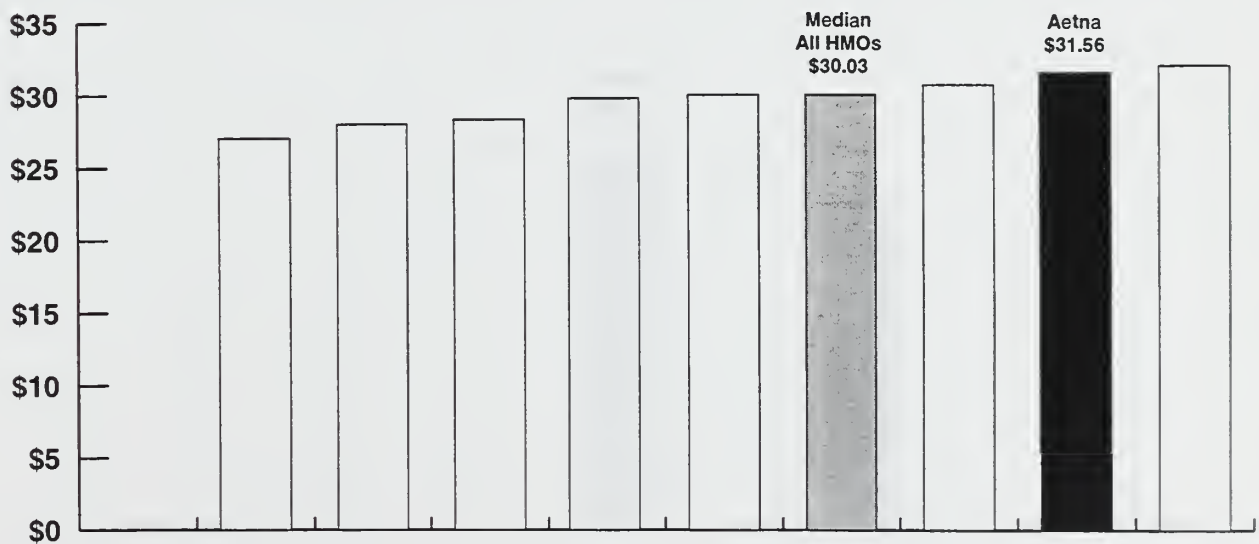
Note: Two plans are missing data.

Pharmacy Expense PMPM



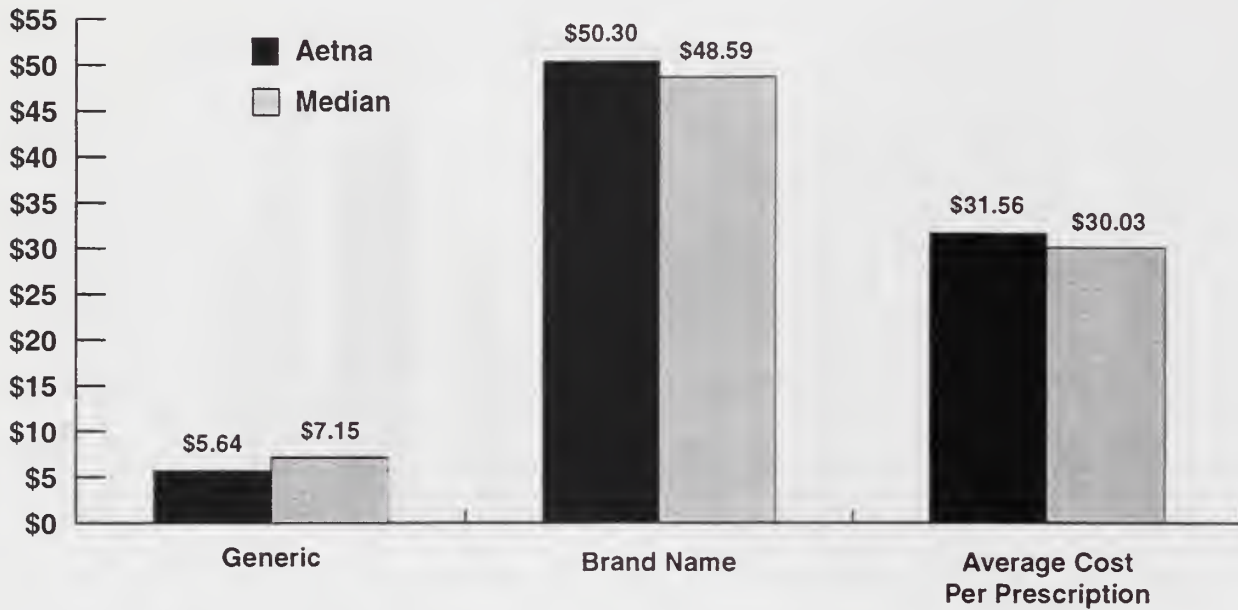
Note: One plan is missing data. Aetna included inpatient pharmacy costs.

Average Cost Per Prescription

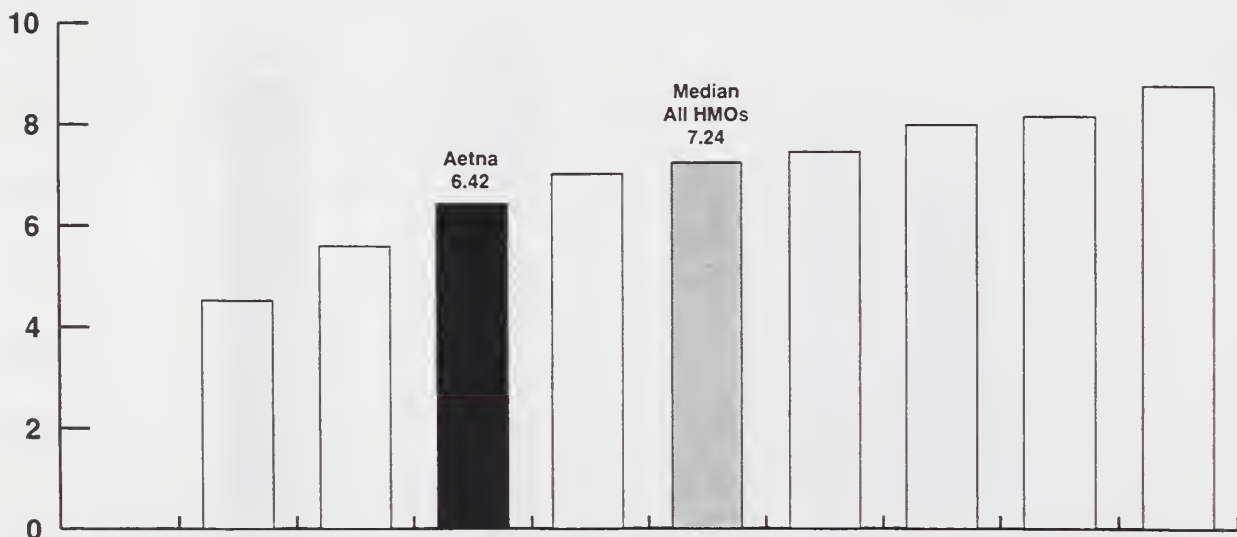


Note: One plan is missing data.

Components of Prescription Costs



Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

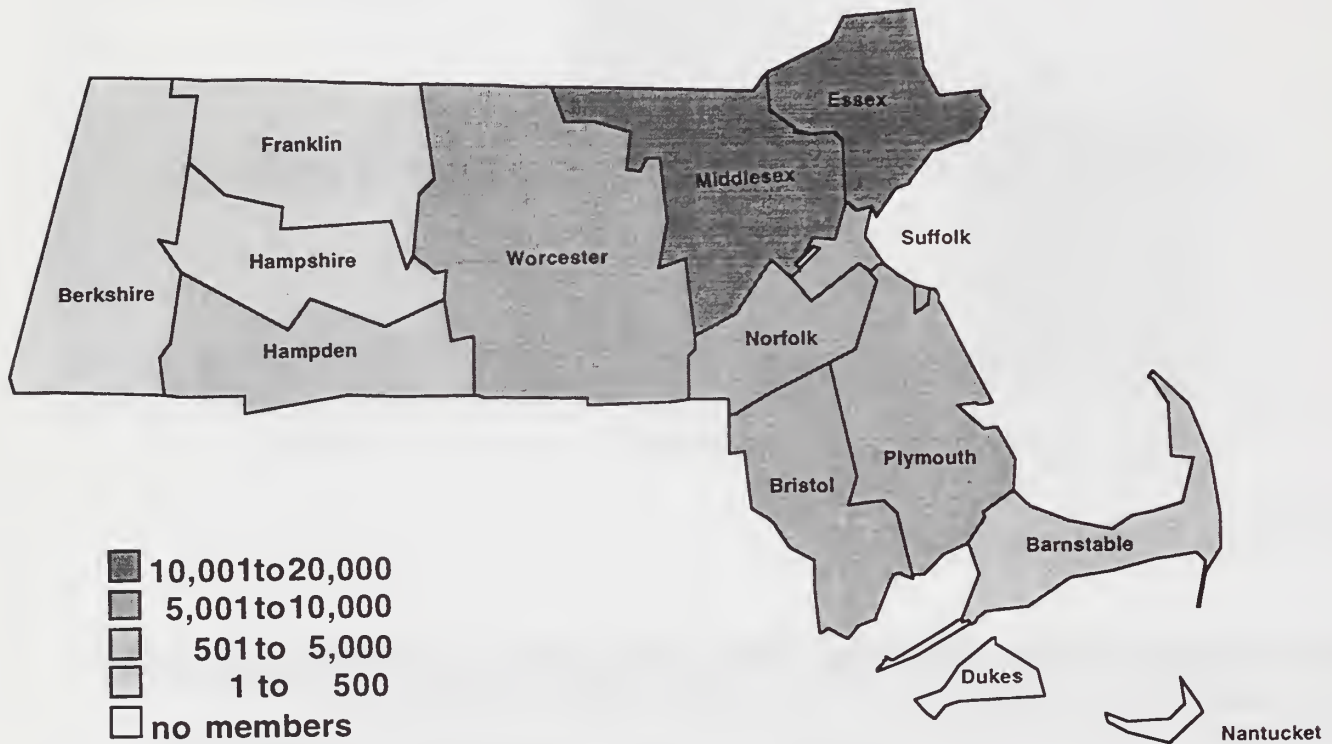
Non-Medical Expenses PMPM

**Aetna U.S. Healthcare, Inc.
is missing data for Non-Medical Expenses PMPM.**

Note: Three plans including Aetna are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

Aetna U.S. Healthcare, Inc. Members by Massachusetts County

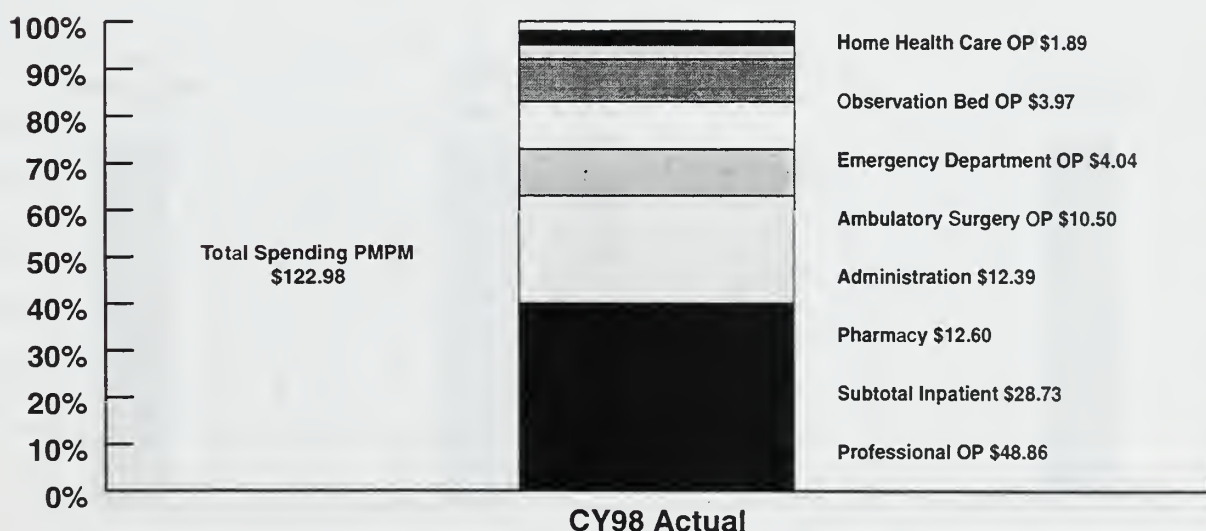


Blue Cross Blue Shield New Hampshire
3000 Goffs Falls Road, Manchester, N.H. 03111
(800) 874-7122

*Total Members:	3,007
1998 Revenue:	\$603,400,000
1998 Net Income:	-\$20,100,000
Participating Physicians in Massachusetts:	3658
Participating Hospitals in Massachusetts:	25
Areas Served in Massachusetts:	Statewide

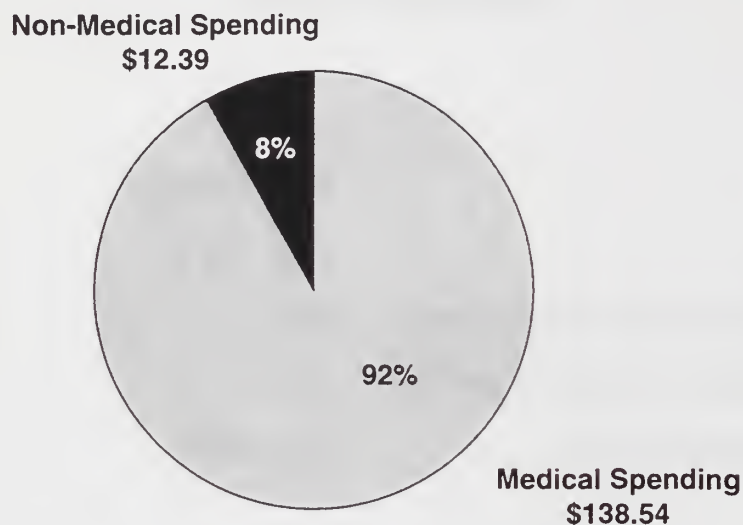
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

BCBS New Hampshire Total PMPM
Spending by Component

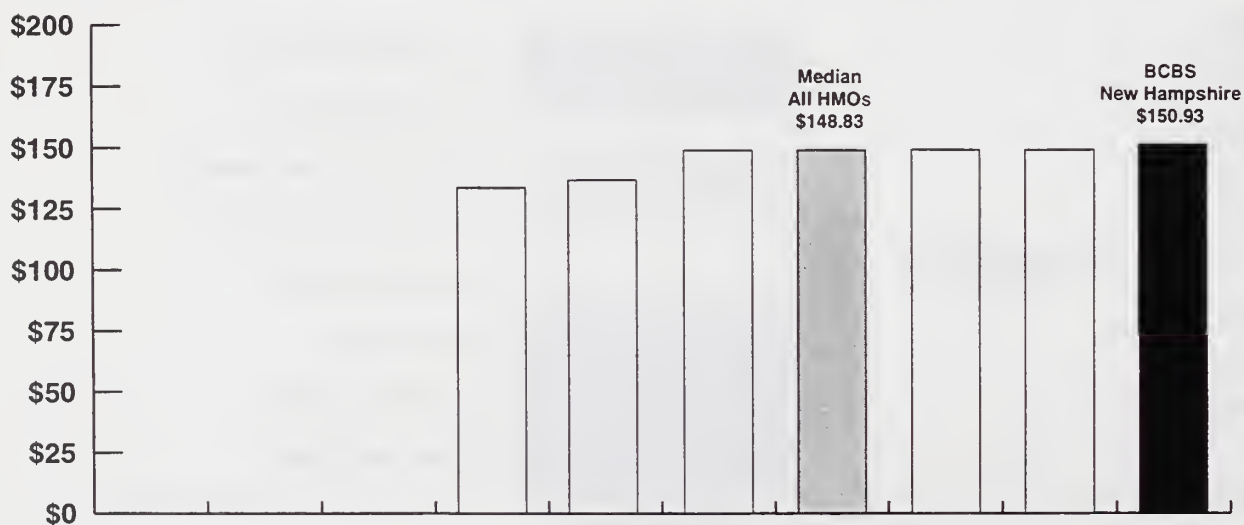


Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. BCBS New Hampshire did not break out inpatient mental health and chemical dependency. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending

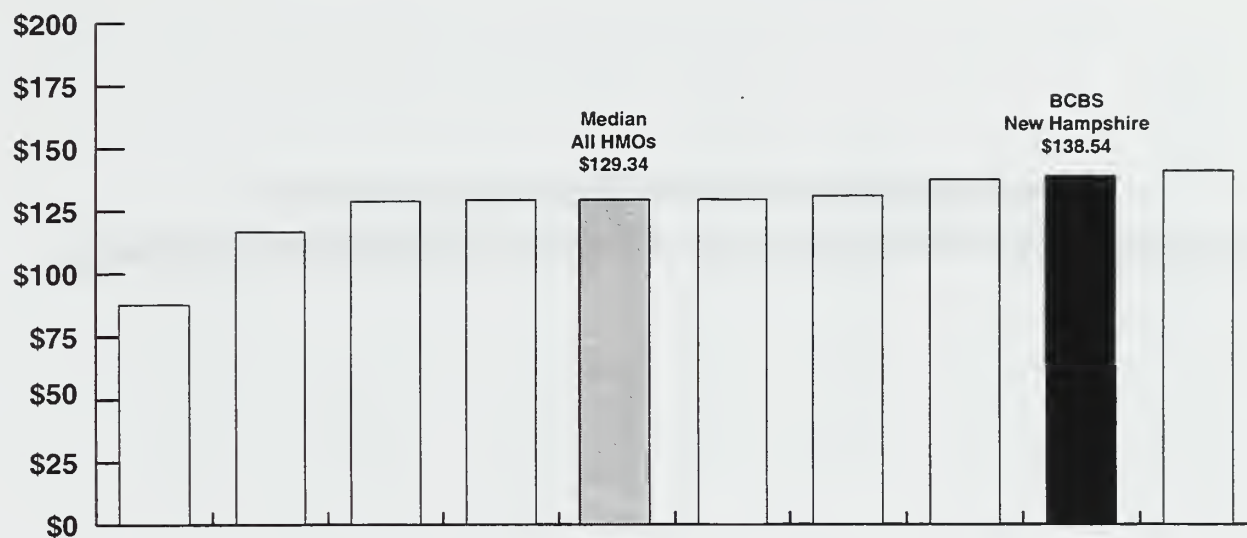


Total Per Member Per Month Medical and Non-Medical Expenses

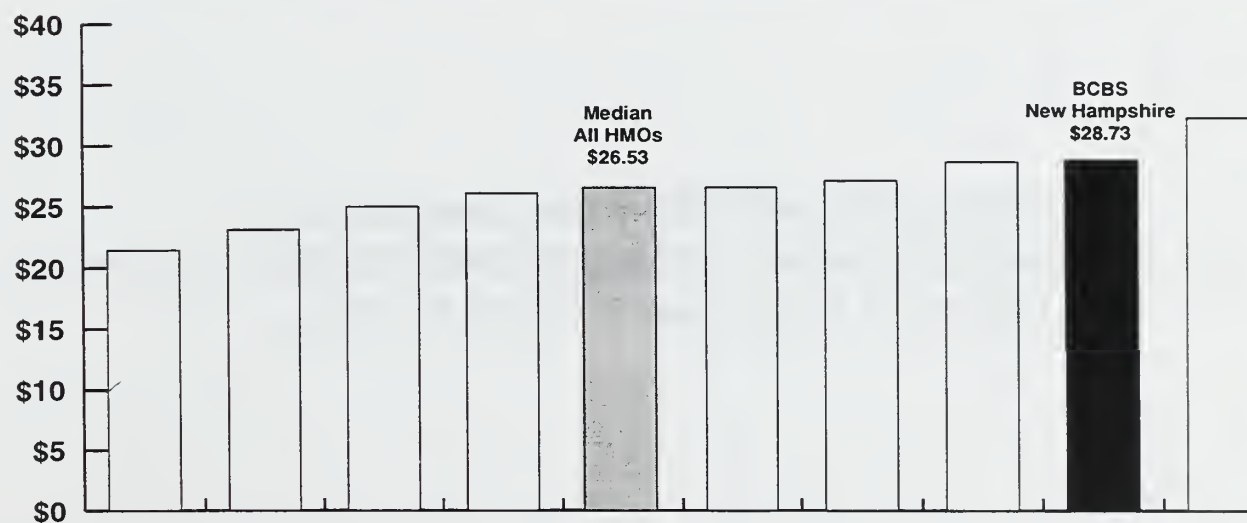


Note: Three plans are missing data.

Medical Expenses PMPM



Inpatient Expenses PMPM



Components of Inpatient Medical Expenses PMPM

**Blue Cross Blue Shield New Hampshire
is missing data for Components of Inpatient Medical Expenses.**

Inpatient Mental Health and Chemical Dependency Costs Per Day

**Blue Cross Blue Shield New Hampshire
is missing data for Inpatient Mental Health
and Chemical Dependency Costs Per Day.**

Maternity Inpatient Costs Per Day

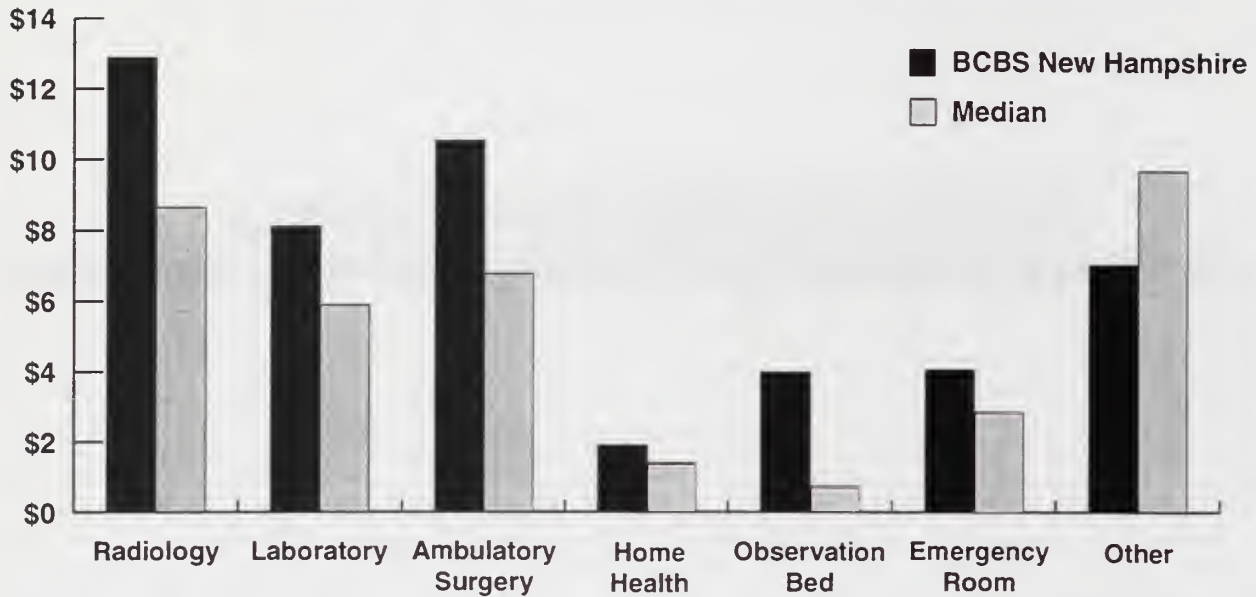
**Blue Cross Blue Shield New Hampshire
is missing data for Maternity Inpatient Costs Per Day.**

Note: Three plans including BCBS New Hampshire are missing some or all data.

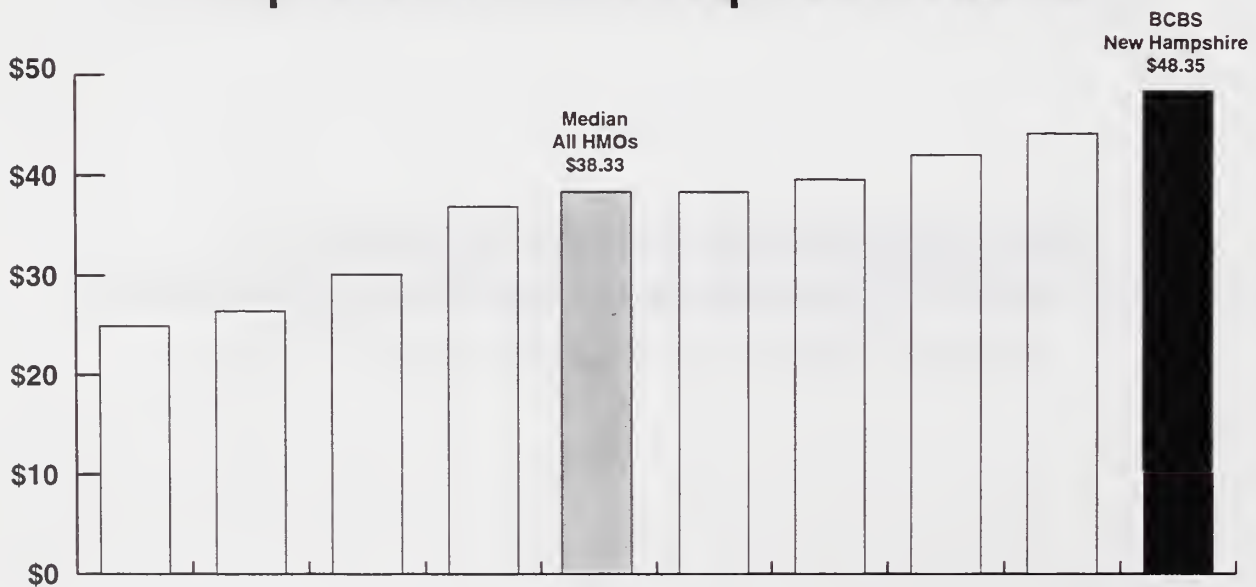
Medical/Surgical Inpatient Costs Per Day

**Blue Cross Blue Shield New Hampshire
is missing data for Medical/Surgical Inpatient Costs Per Day.**

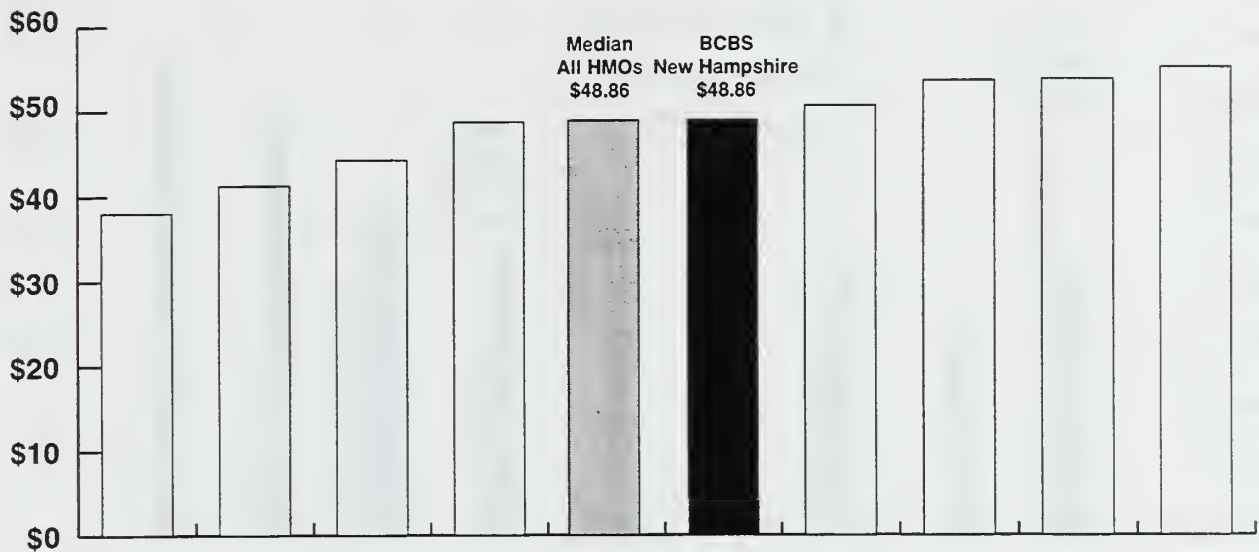
Components of Hospital Outpatient Medical Expenses



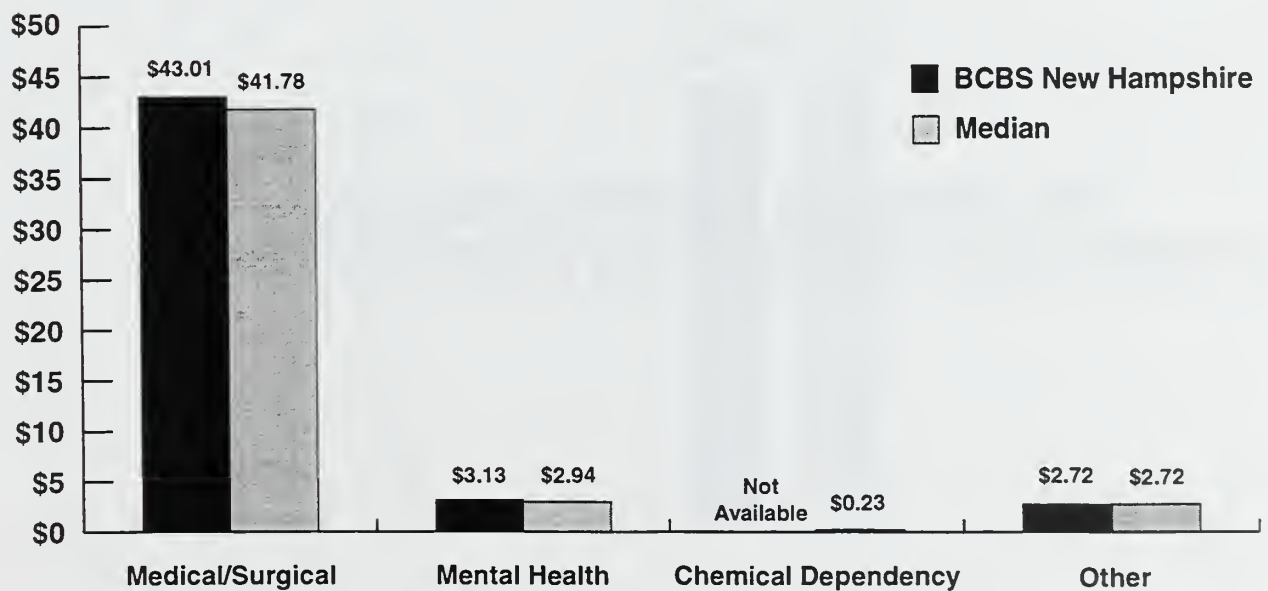
Other Hospital Outpatient Medical Expenses PMPM



Professional Visit Expenses PMPM

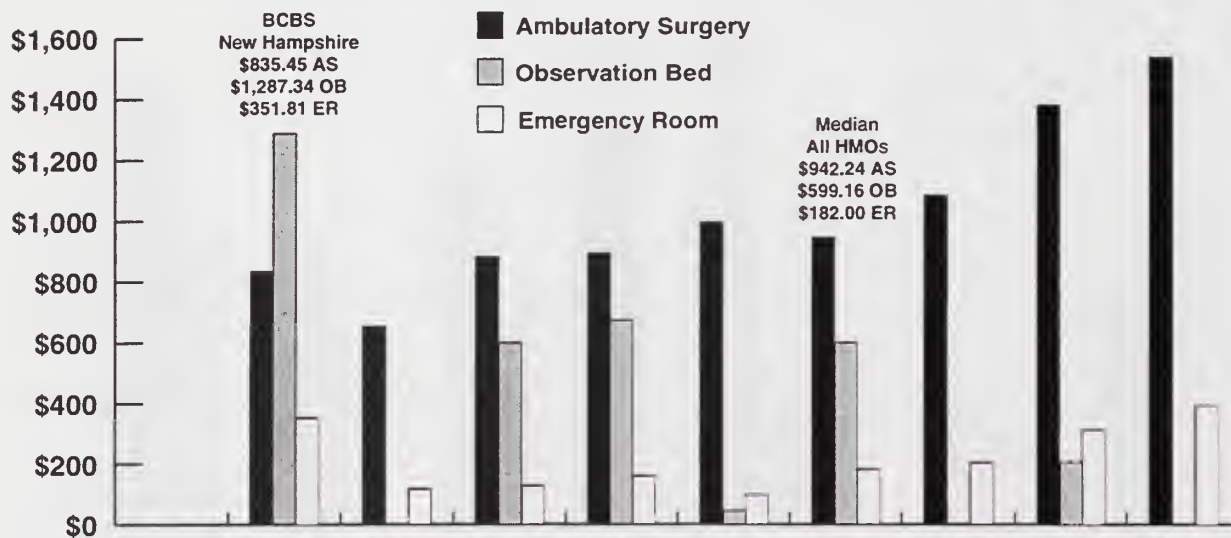


Components of Professional Visit Expenses



Note: BCBS New Hampshire is missing data for Chemical Dependency.

Ambulatory Cost Per Encounter



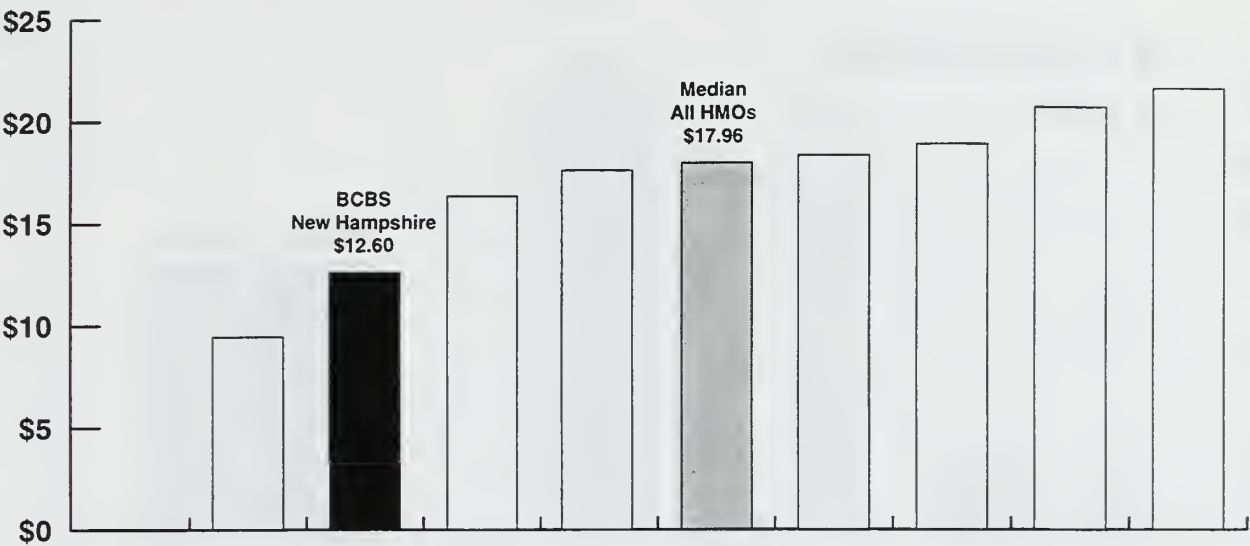
Note: Four plans are missing some or all data.

Skilled Nursing Facility Cost Per Day

**Blue Cross Blue Shield New Hampshire
is missing data for Skilled Nursing Facility Costs Per Day.**

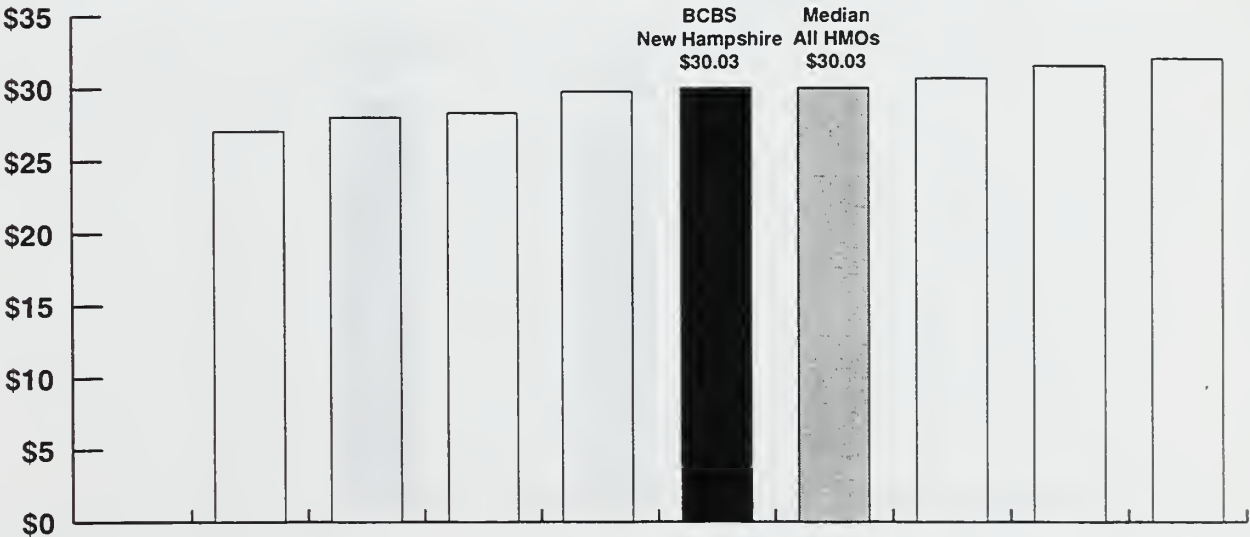
Note: Two plans including BCBS New Hampshire are missing data.

Pharmacy Expense PMPM



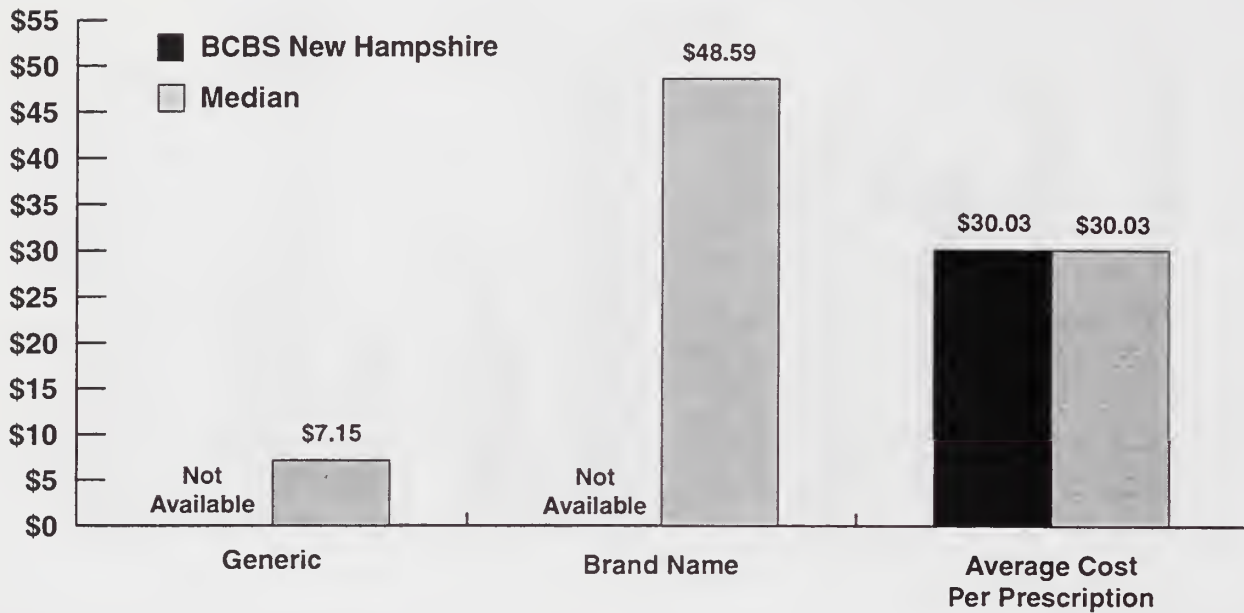
Note: One plan is missing data.

Average Cost Per Prescription



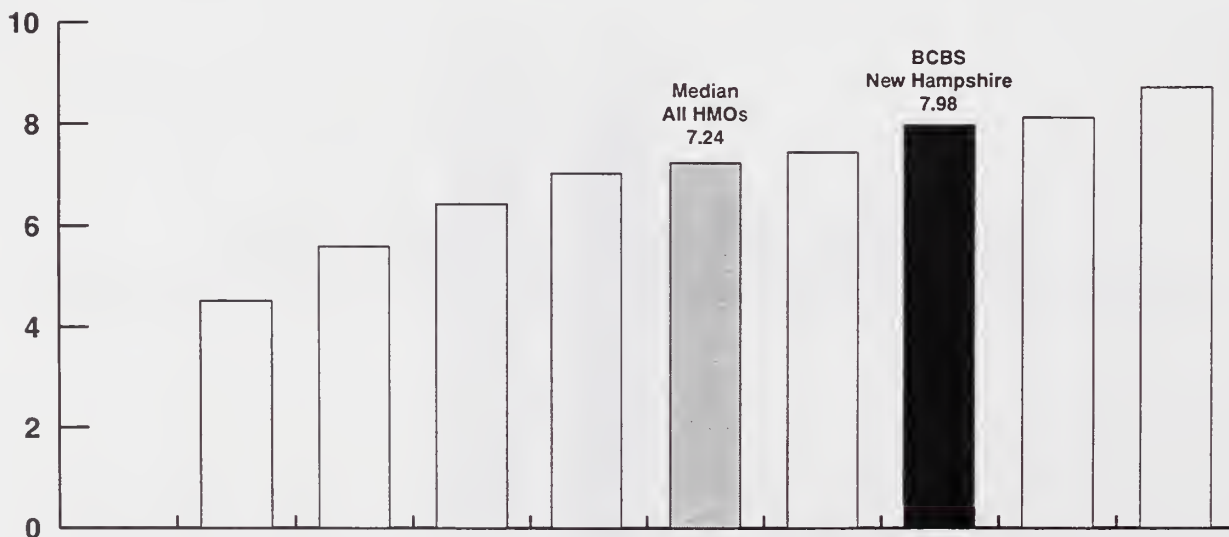
Note: One plan is missing data.

Components of Prescription Costs



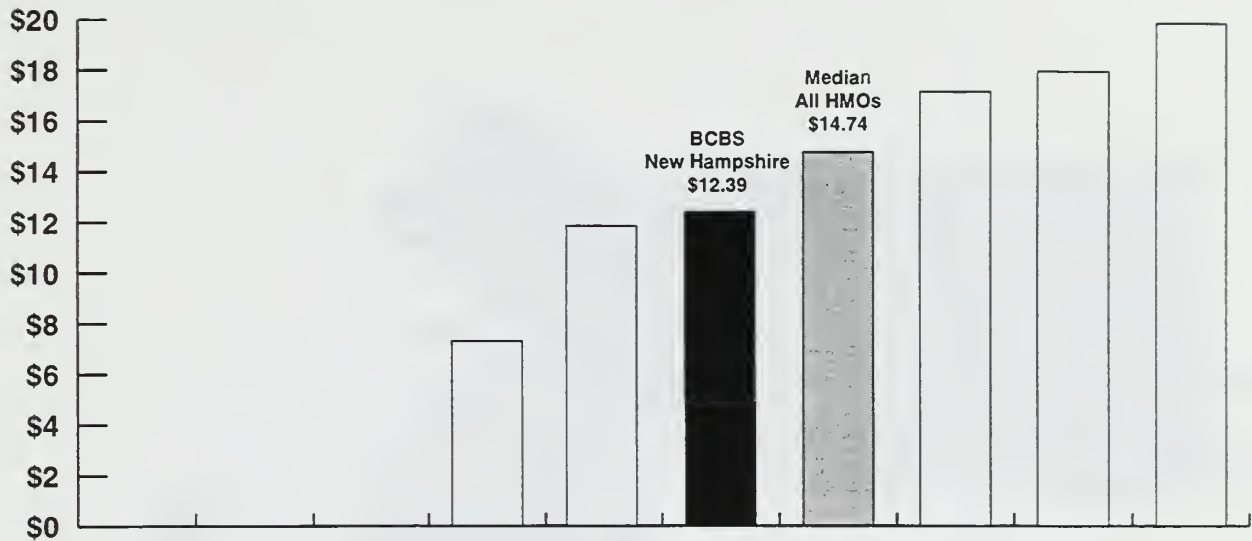
Note: BCBS New Hampshire is missing data for Generic and Brand Name.

Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

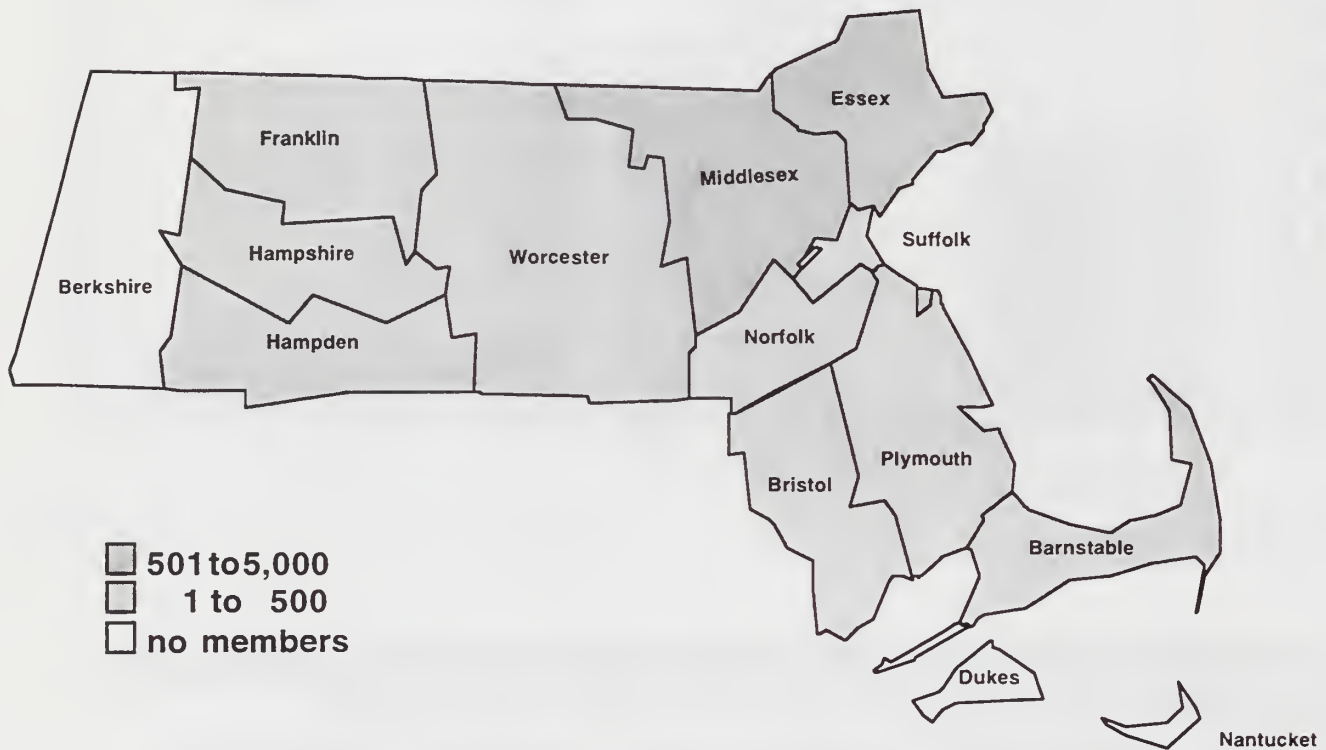
Non-Medical Expenses PMPM



Note: Three plans are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

Blue Cross Blue Shield New Hampshire Members by Massachusetts County

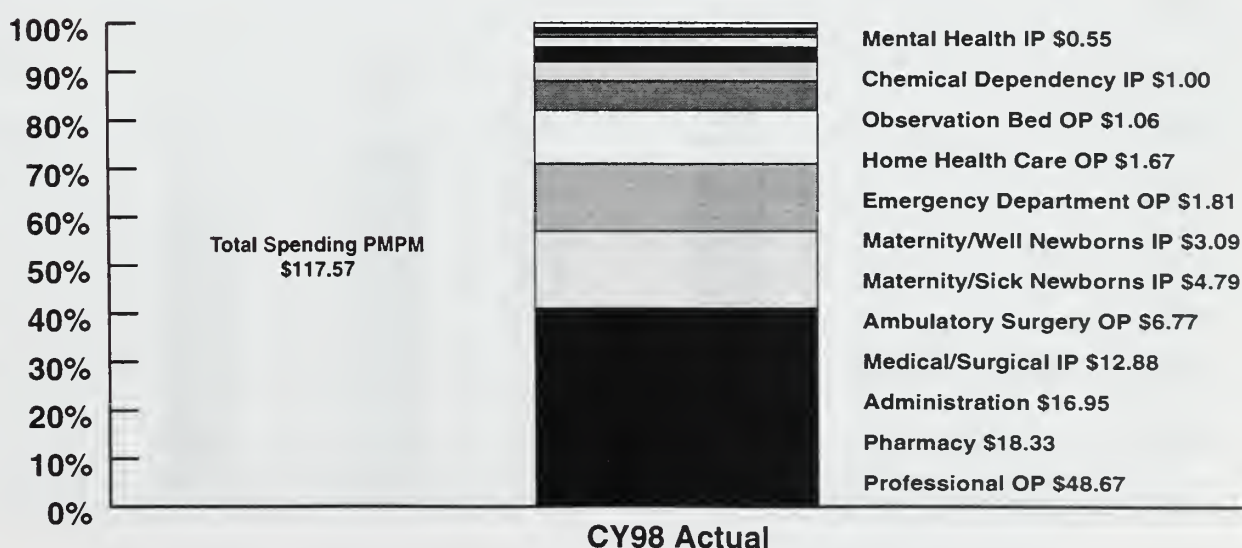


CIGNA HealthCare of Massachusetts, Inc.
100 Front Street, Worcester, MA 01608
(800) 345-9458

*Total Members:	64,029
1998 Revenue:	\$211,226,075
1998 Net Income:	\$4,547,000
Participating Physicians in Massachusetts:	12,000
Participating Hospitals in Massachusetts:	74
Areas Served in Massachusetts:	Statewide, except Berkshire County

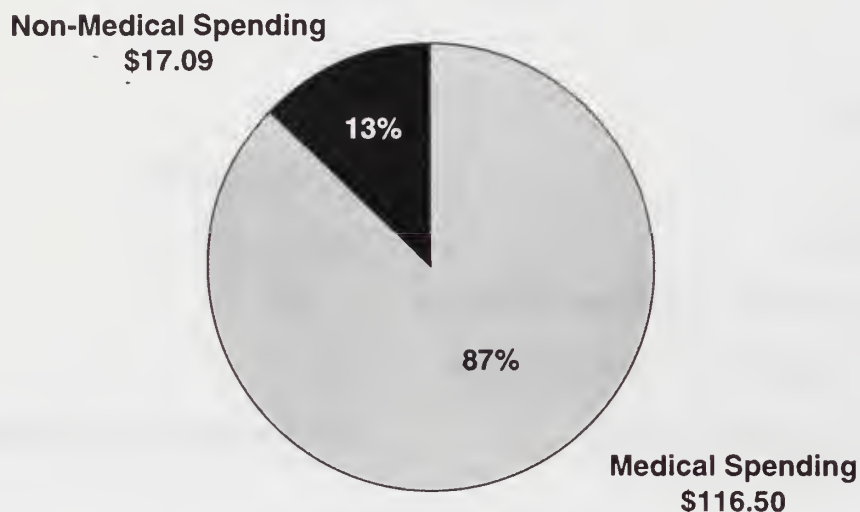
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

**CIGNA Total PMPM
Spending by Component**

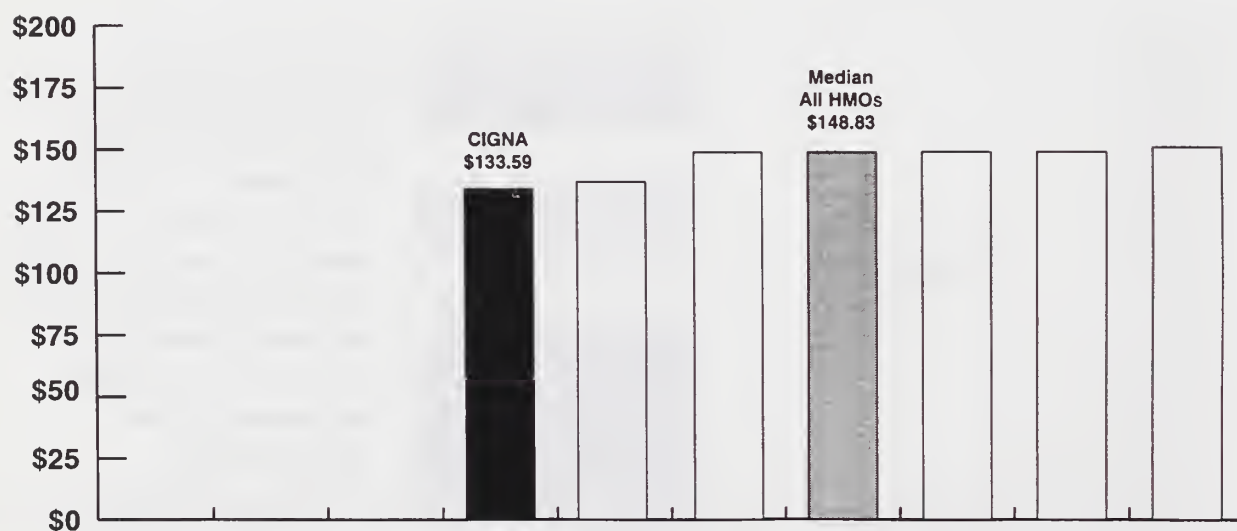


Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending

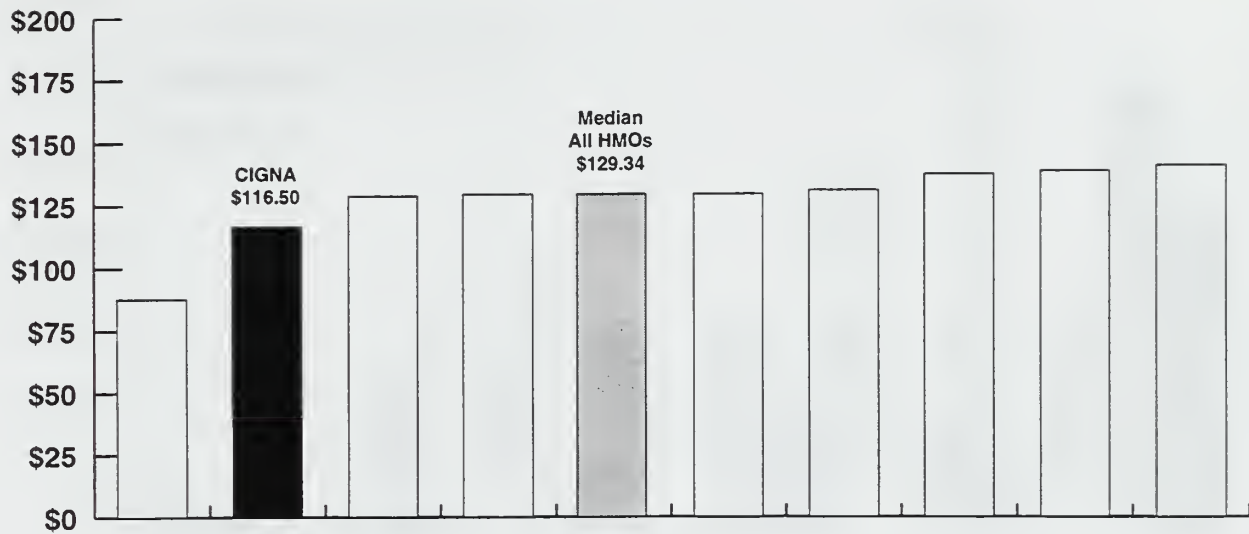


Total Per Member Per Month Medical and Non-Medical Expenses

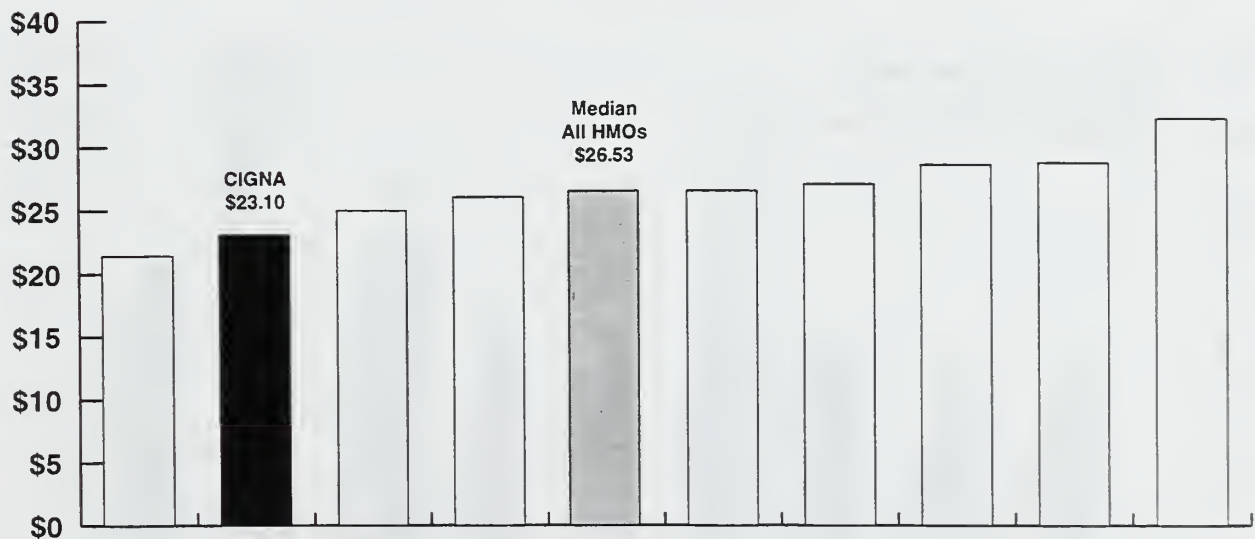


Note: Three plans are missing data.

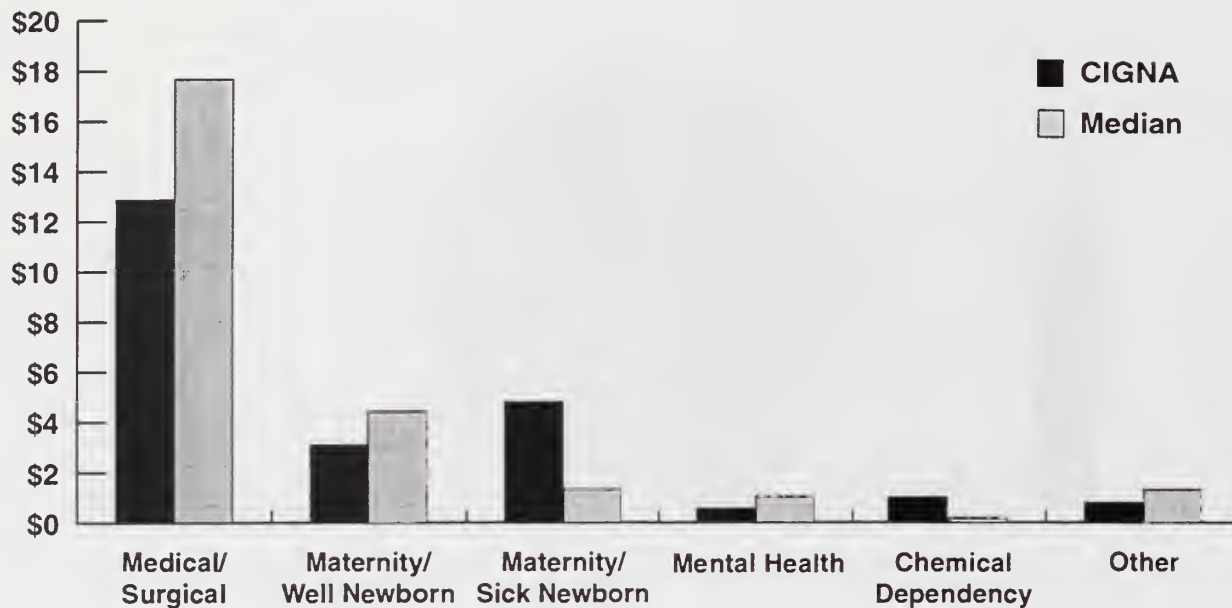
Medical Expenses PMPM



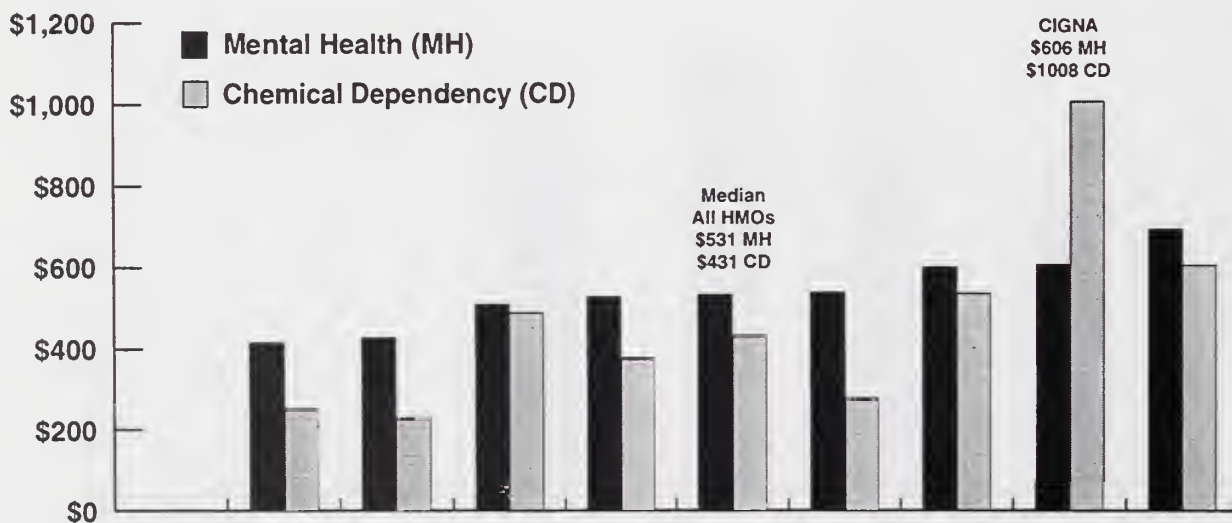
Inpatient Expenses PMPM



Components of Inpatient Medical Expenses PMPM

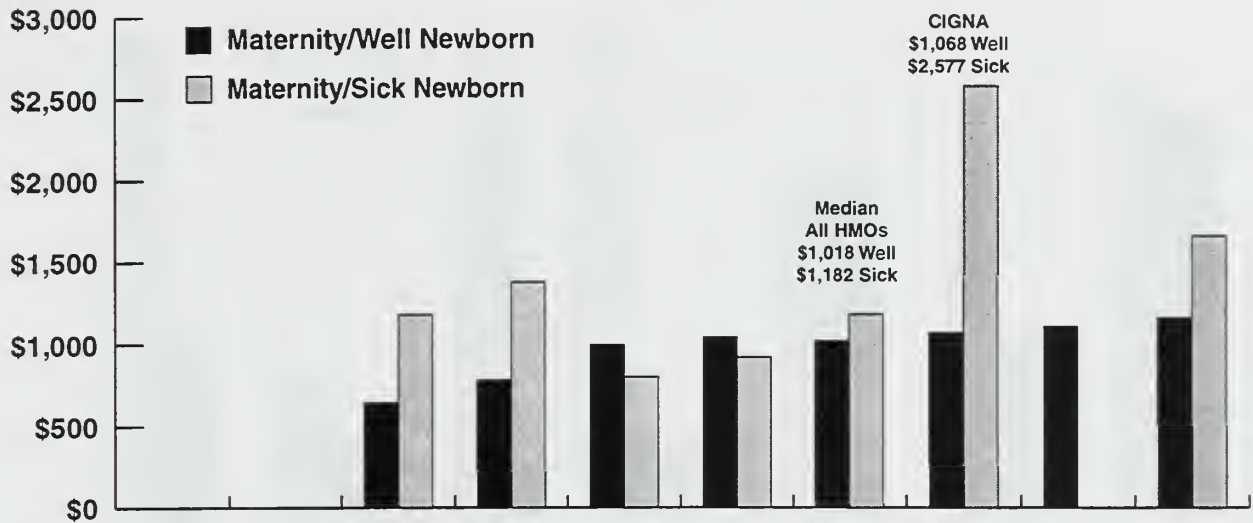


Inpatient Mental Health and Chemical Dependency Costs Per Day



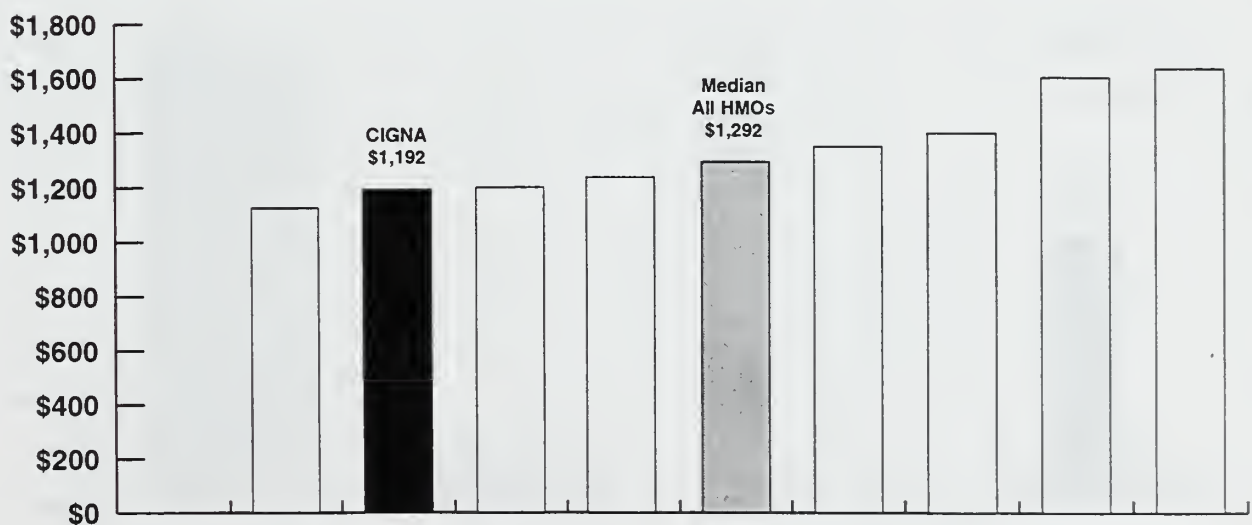
Note: One plan is missing data.

Maternity Inpatient Costs Per Day



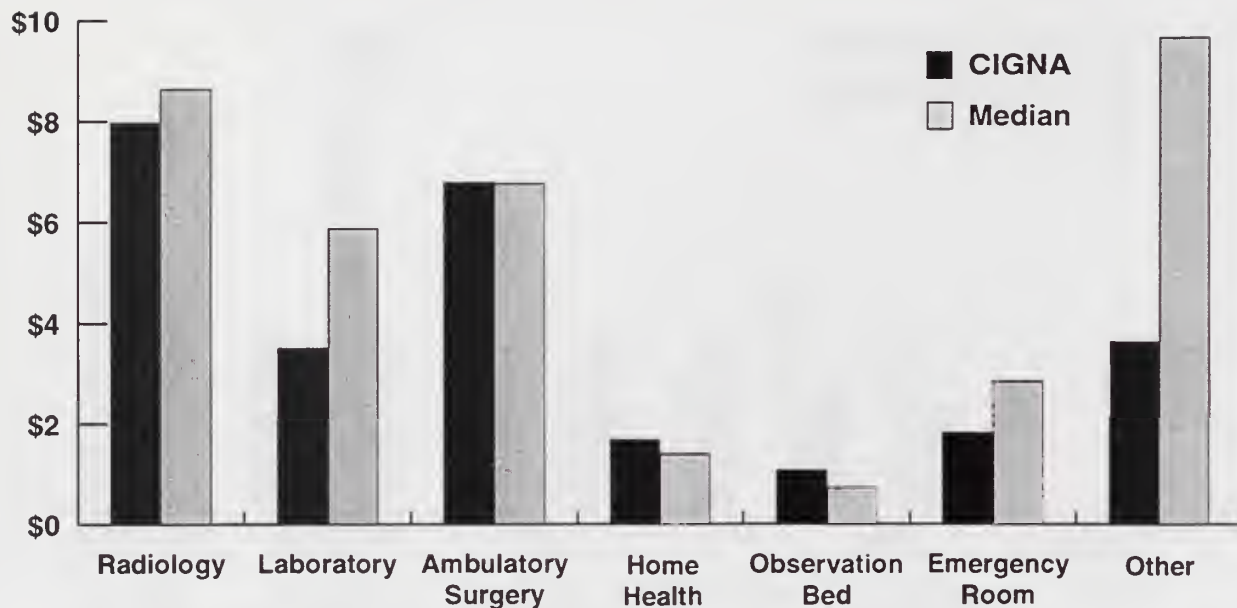
Note: Three plans are missing some or all data.

Medical/Surgical Inpatient Costs Per Day



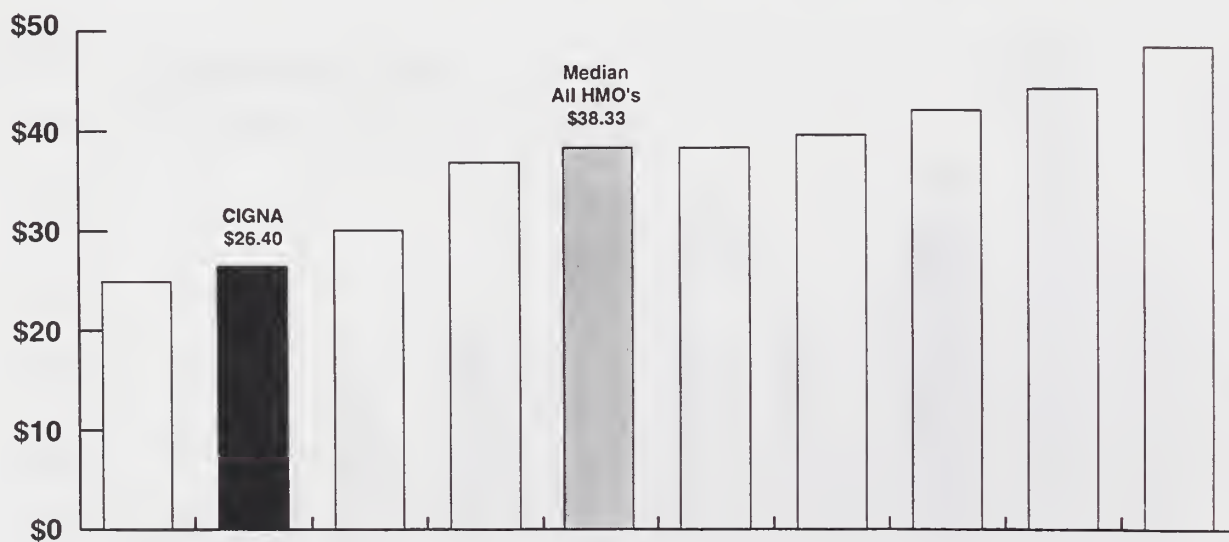
Note: One plan is missing data.

Components of Hospital Outpatient Medical Expenses

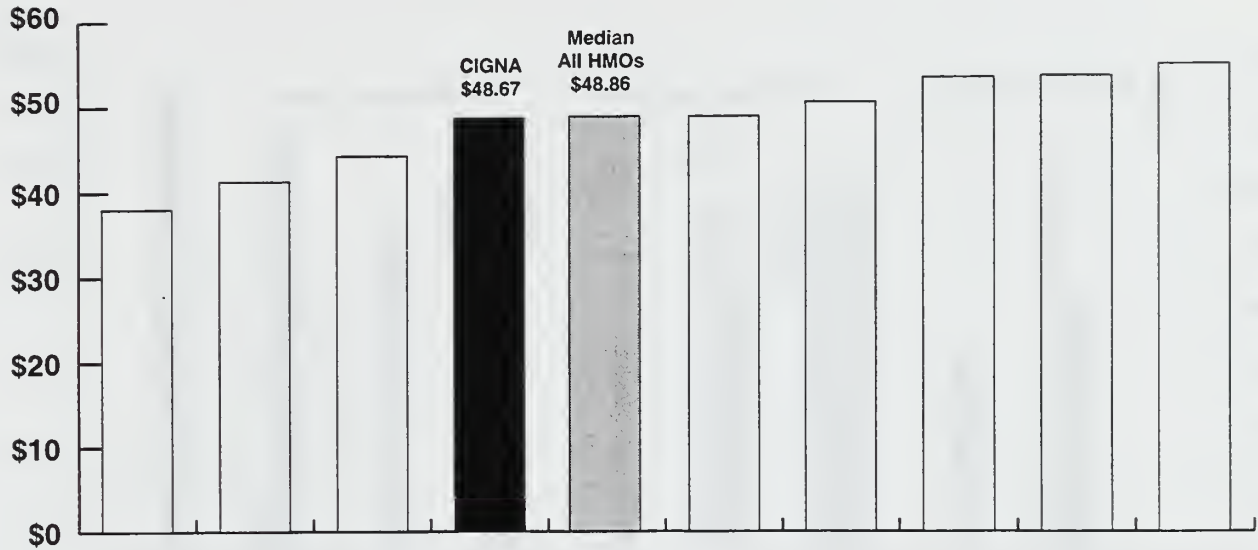


Note: CIGNA included durable medical equipment, transportation, hospital outpatient, and eye care expenses under Other.

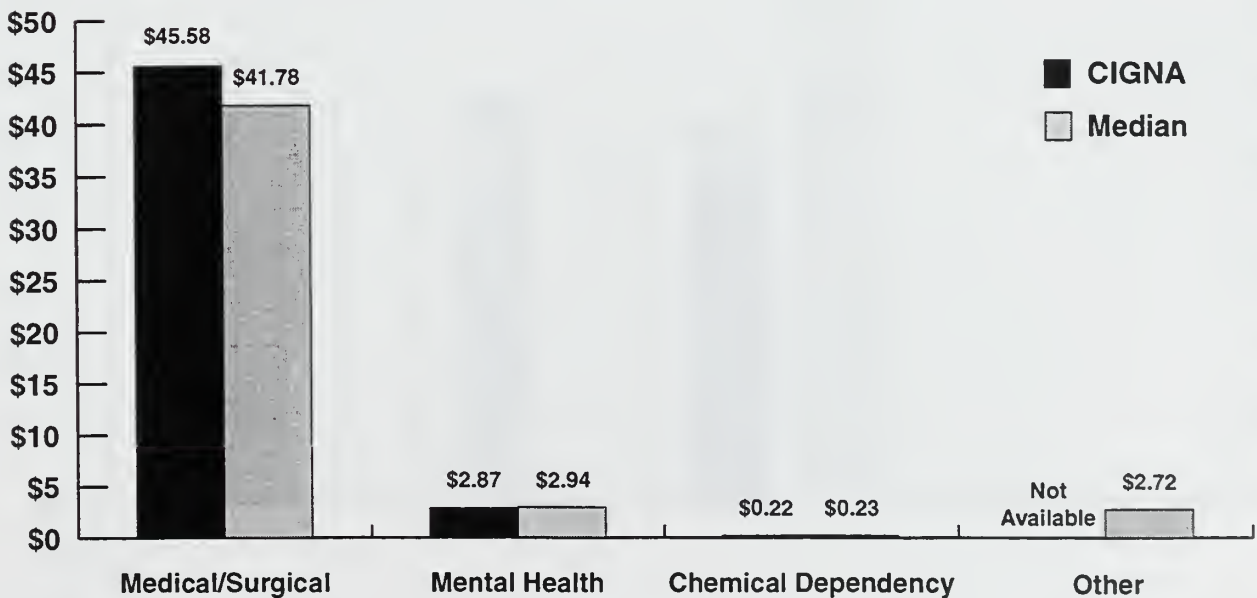
Other Hospital Outpatient Medical Expenses PMPM



Professional Visit Expenses PMPM

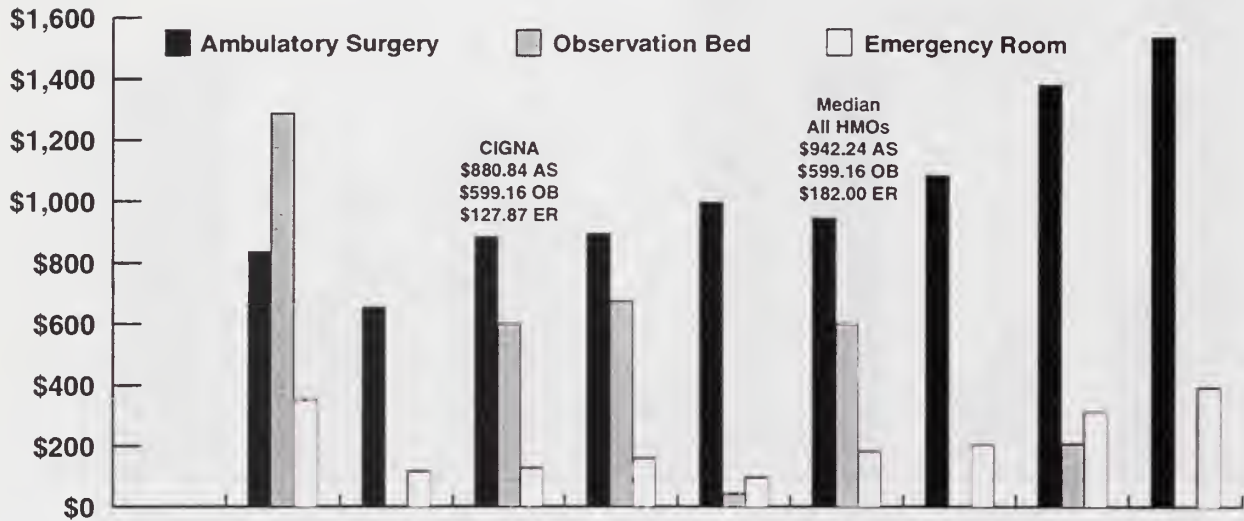


Components of Professional Visit Expenses



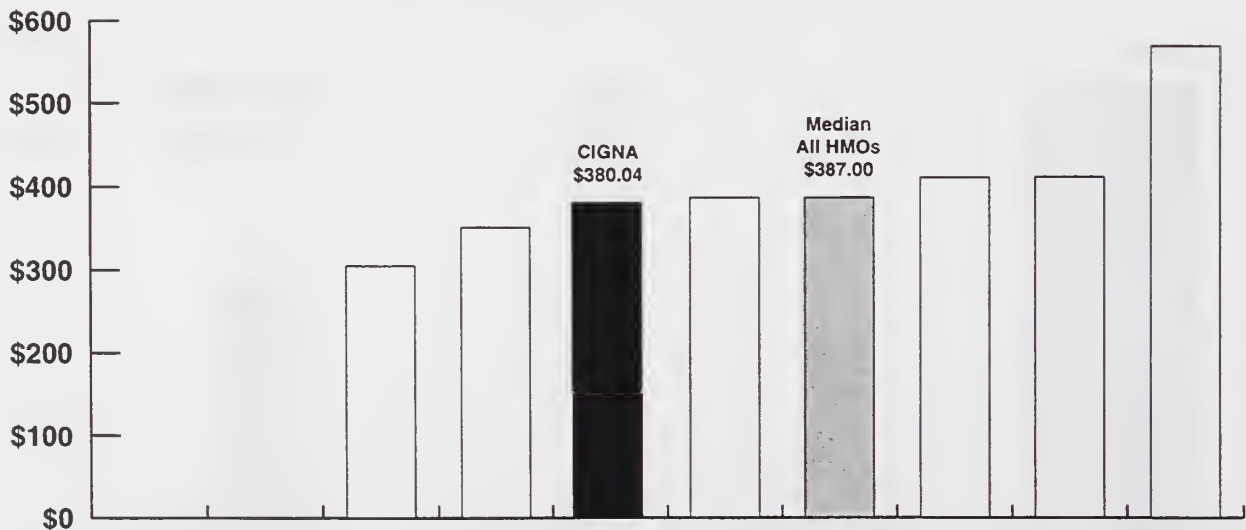
Note: CIGNA is missing data for Other.

Ambulatory Cost Per Encounter



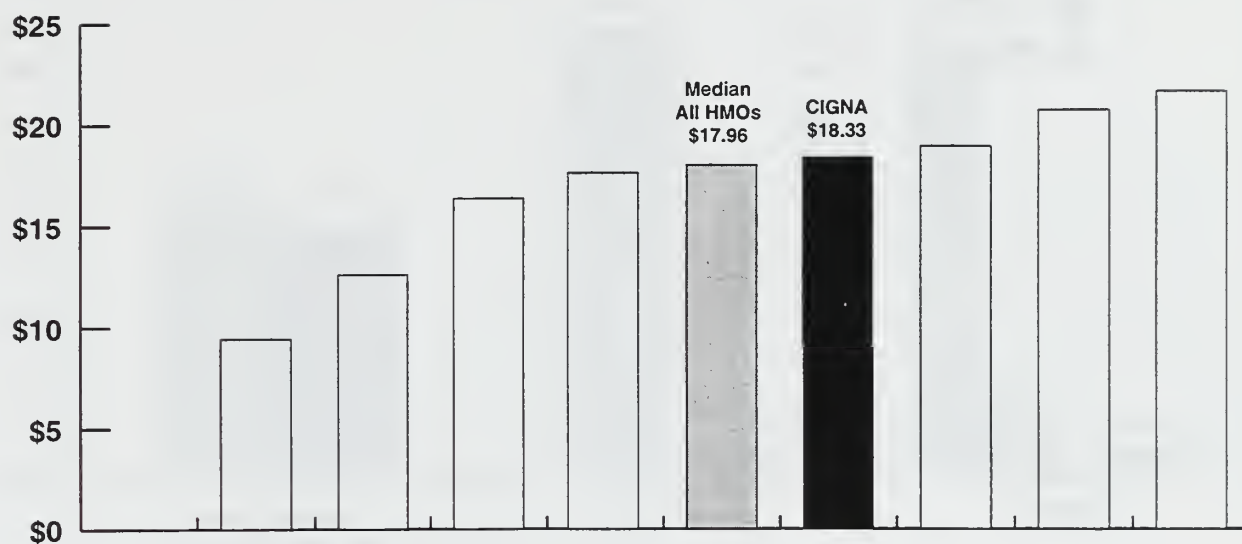
Note: Four plans are missing some or all data.

Skilled Nursing Facility Cost Per Day



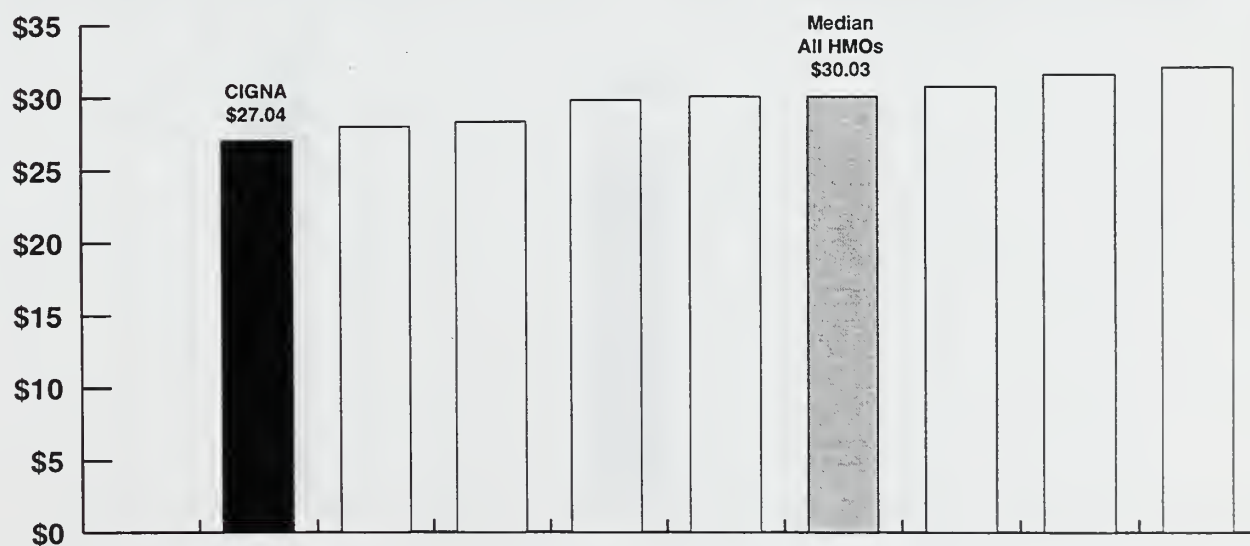
Note: Two plans are missing data.

Pharmacy Expense PMPM



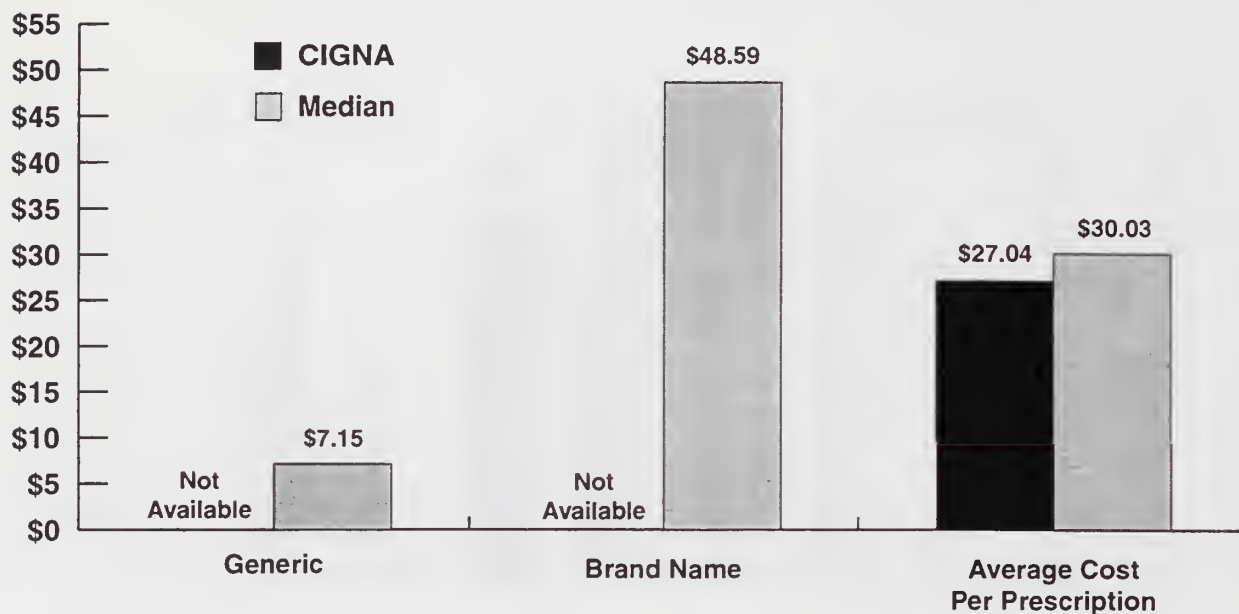
Note: One plan is missing data.

Average Cost Per Prescription



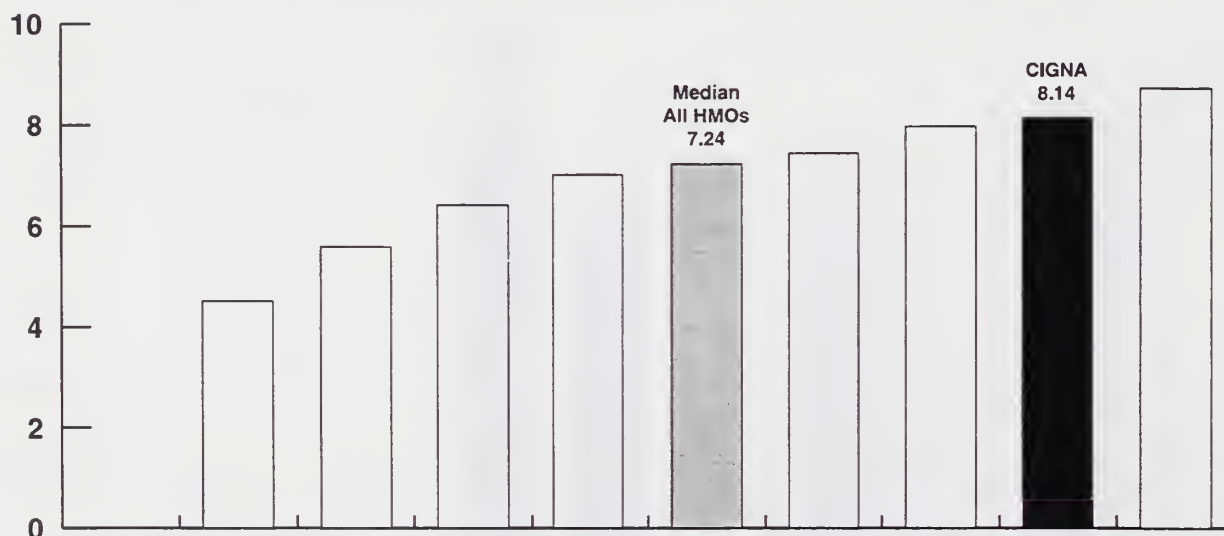
Note: One plan is missing data.

Components of Prescription Costs



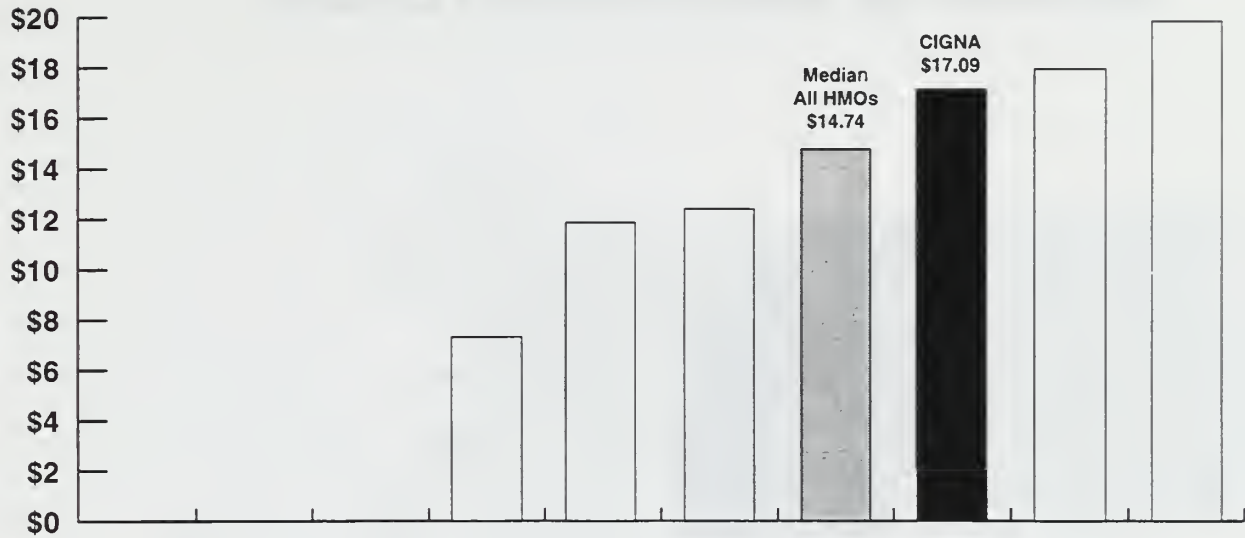
Note: CIGNA is missing data for Generic and Brand Name.

Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

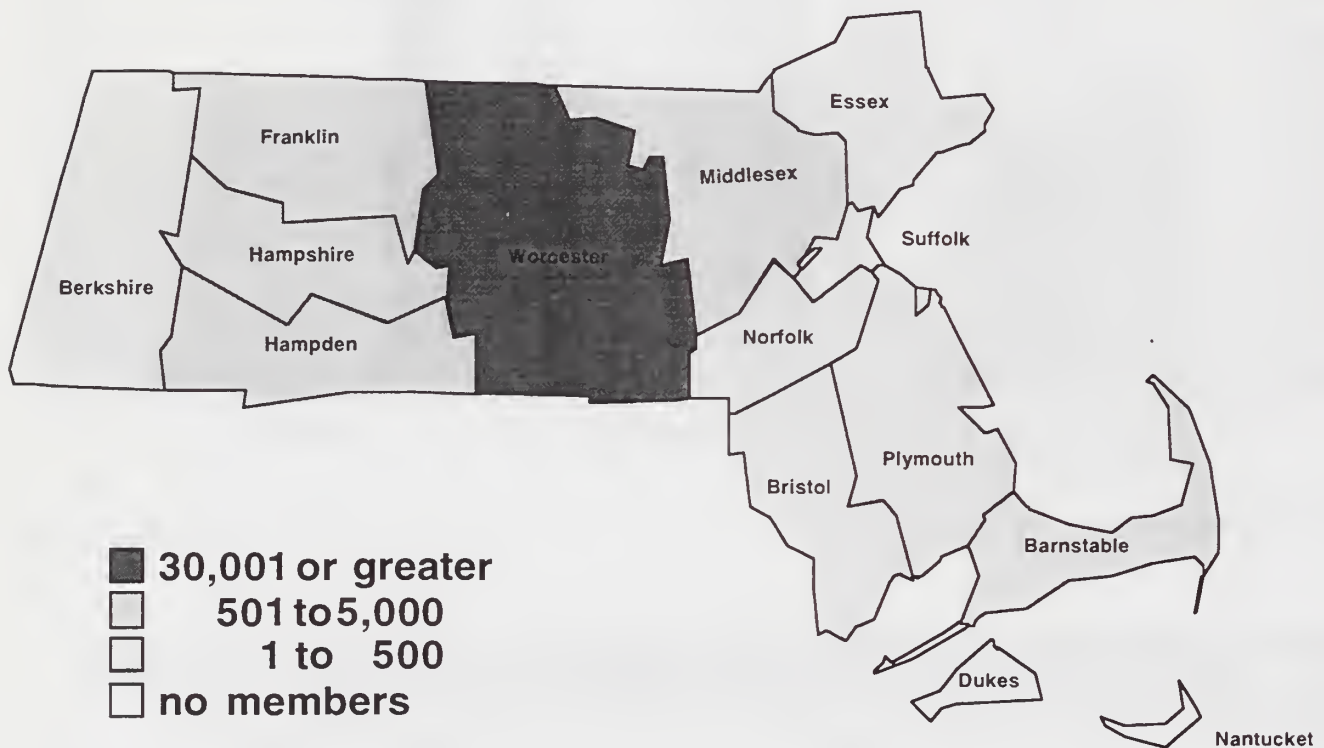
Non-Medical Expenses PMPM



Note: Three plans are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

CIGNA HealthCare of Massachusetts, Inc. Members by Massachusetts County

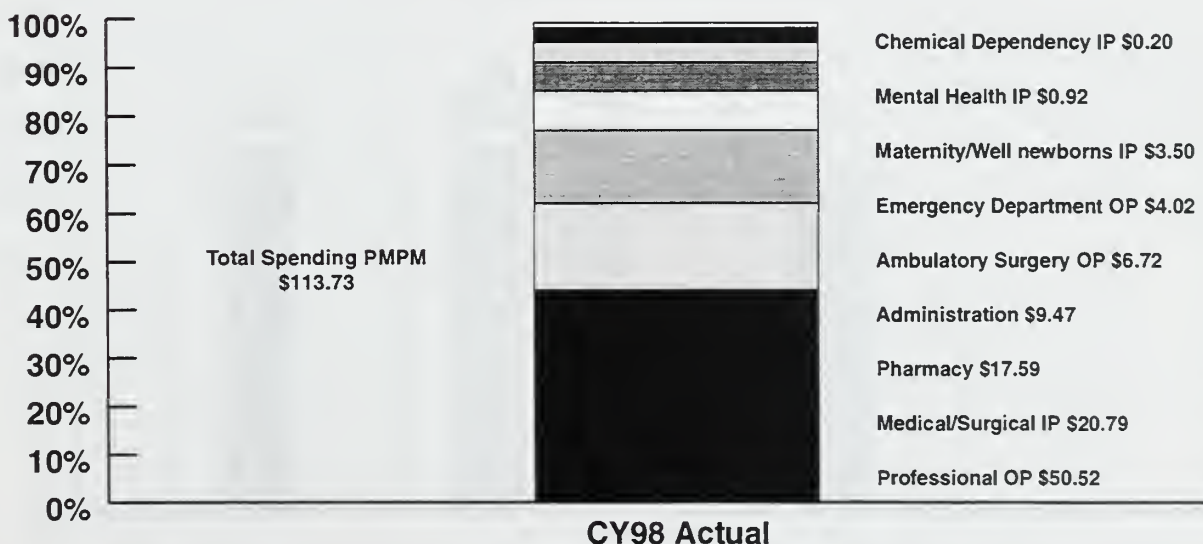


Fallon Community Health Plan, Inc.
10 Chestnut Street, Worcester, MA 01608
(800) 333-2535

*Total Members:	208,162
1998 Revenue:	\$498,681,000
1998 Net Income:	-\$21,166,709
Participating Physicians in Massachusetts:	2,719
Participating Hospitals in Massachusetts:	45
Areas Served in Massachusetts:	Central, Eastern, Northeastern, Southeastern and Merrimack Valley

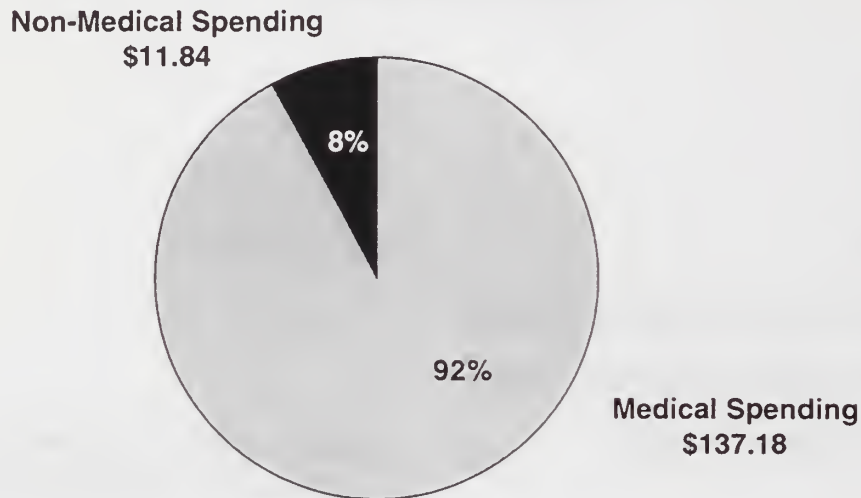
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

Fallon Total PMPM Spending by Component



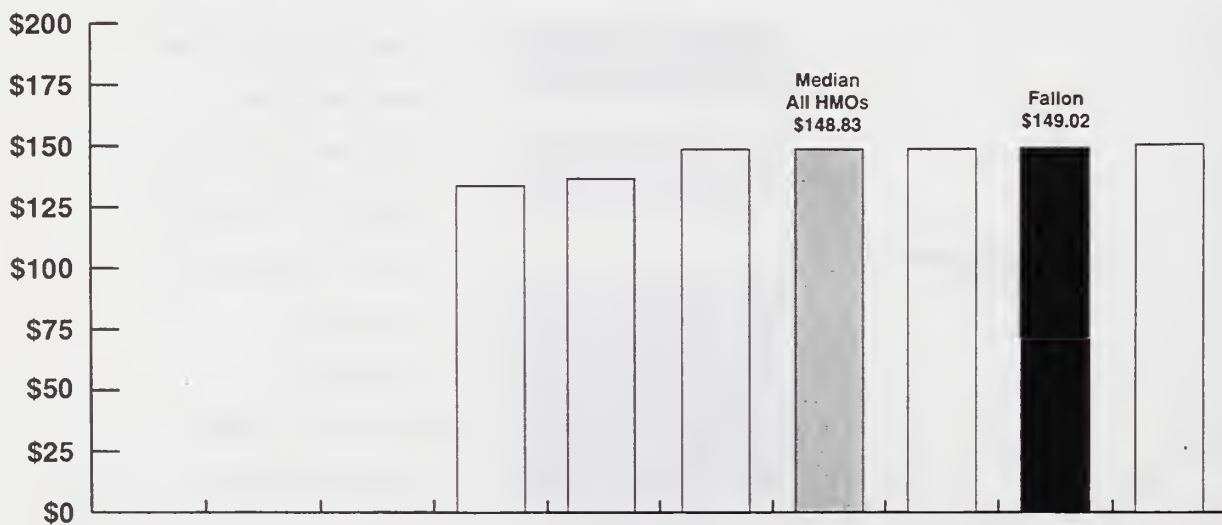
Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending



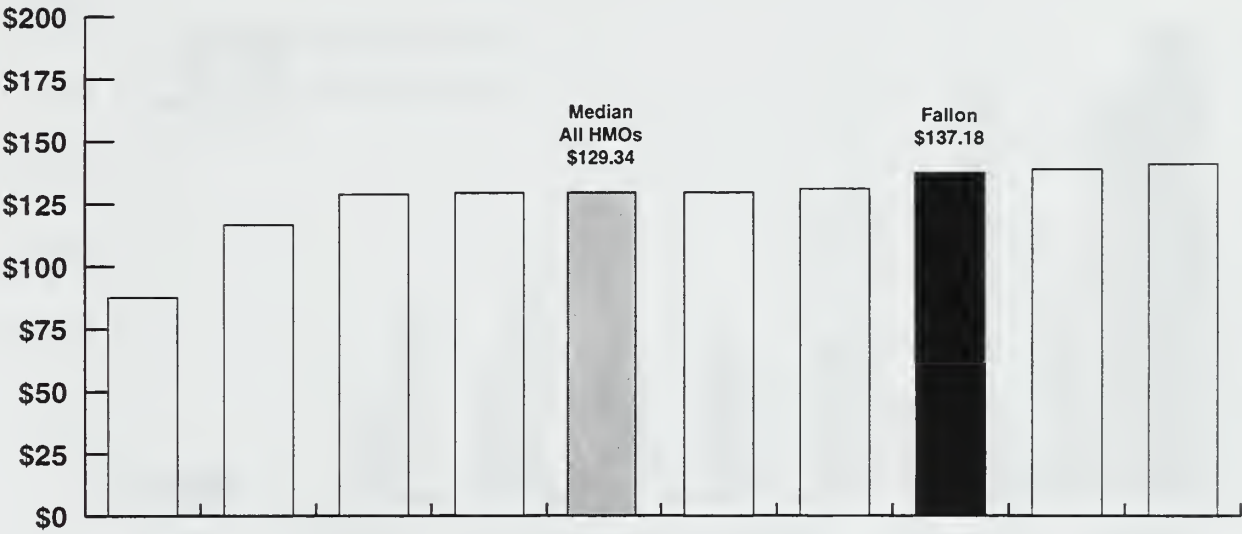
Note: The Fallon Community Health Plan Medical Spending of \$137.18 is estimated and based on fee for service equivalents for capitated service. Actual medical spending for Fallon is \$128.89.

Total Per Member Per Month Medical and Non-Medical Expenses



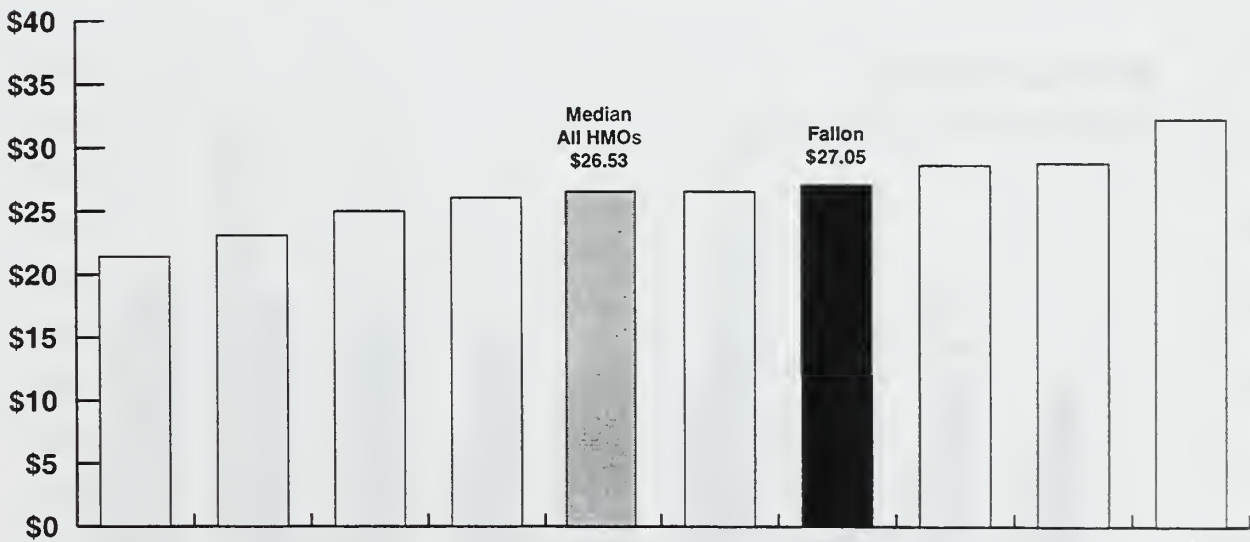
Note: Three plans are missing data. Fallon's total costs of \$140.63 move Fallon below the median (see Caveats section for more information).

Medical Expenses PMPM

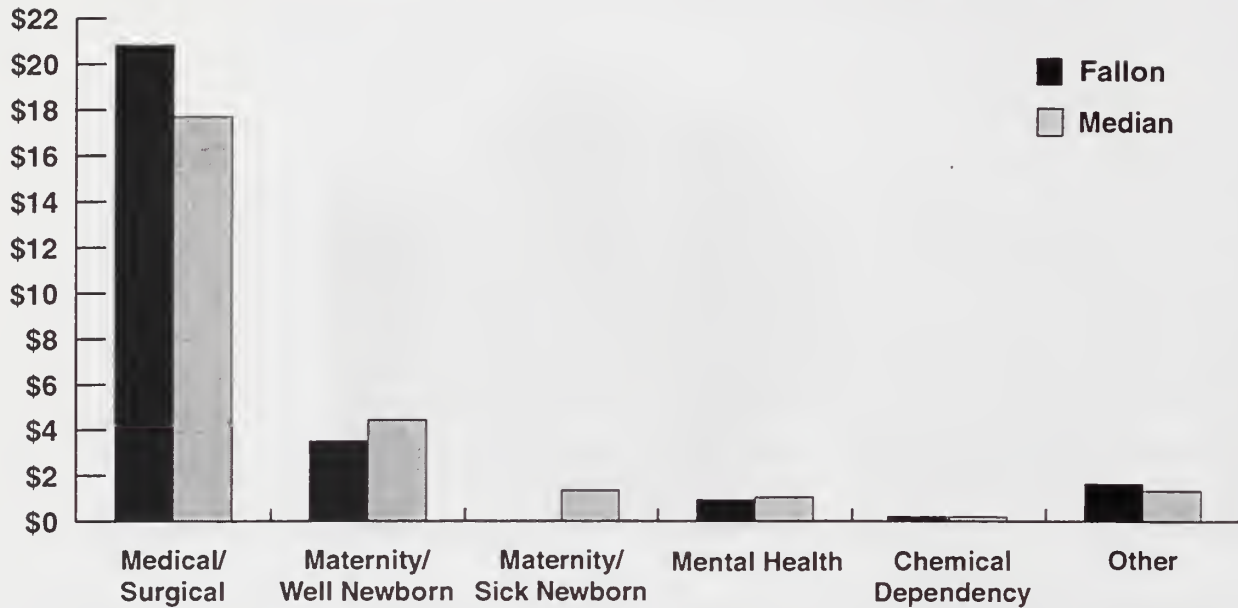


Note: Medical spending of \$137.18 is estimated and based on fee for service equivalents for capitated service. Actual medical spending is \$128.89.

Inpatient Expenses PMPM

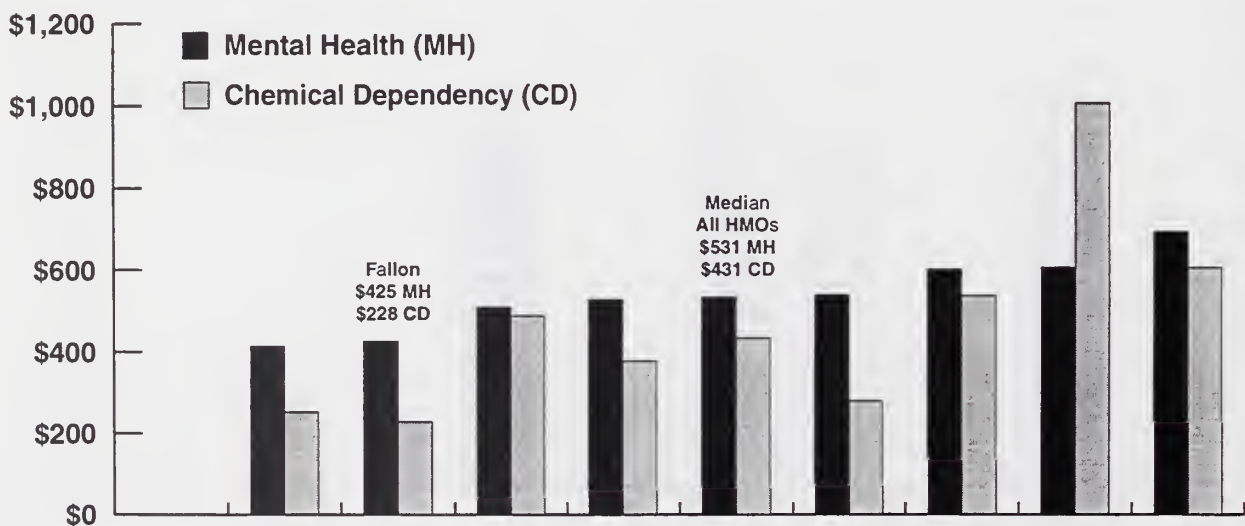


Components of Inpatient Medical Expenses PMPM



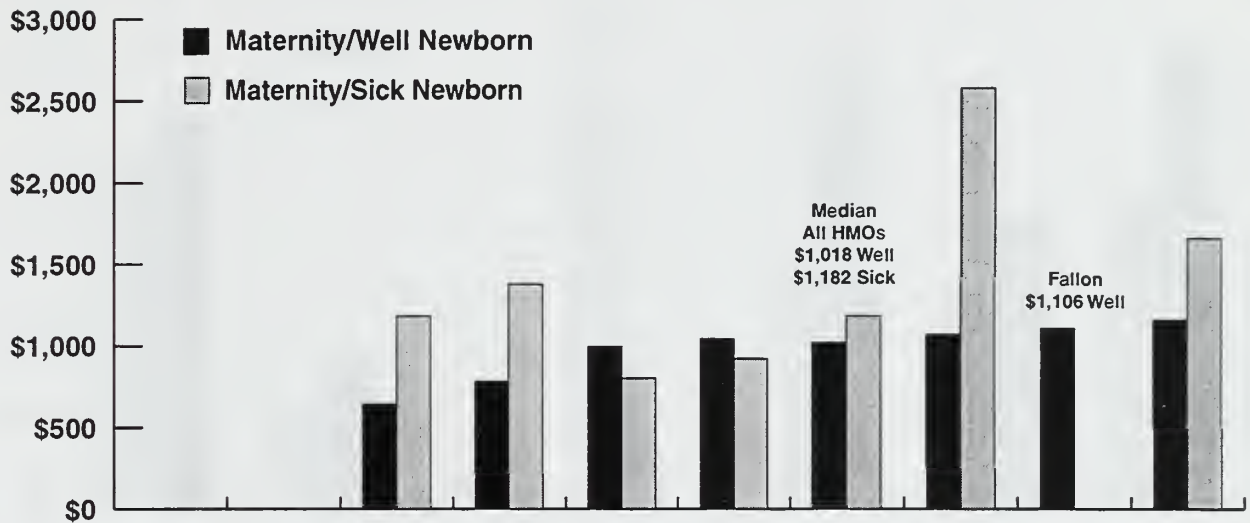
Note: Fallon is missing data for Maternity/Sick Newborn.

Inpatient Mental Health and Chemical Dependency Costs Per Day



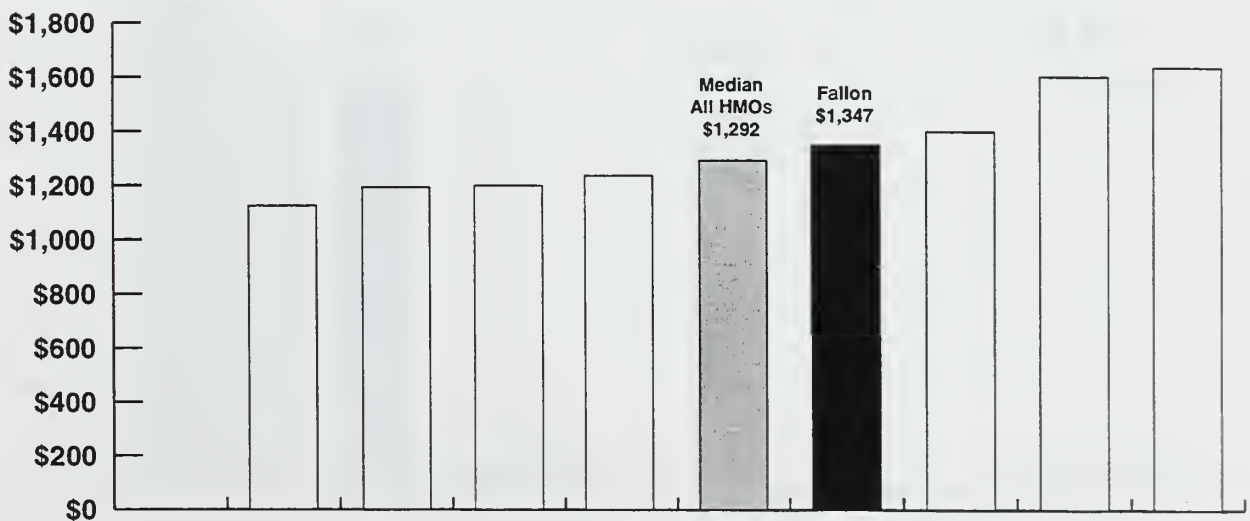
Note: One plan is missing data.

Maternity Inpatient Costs Per Day



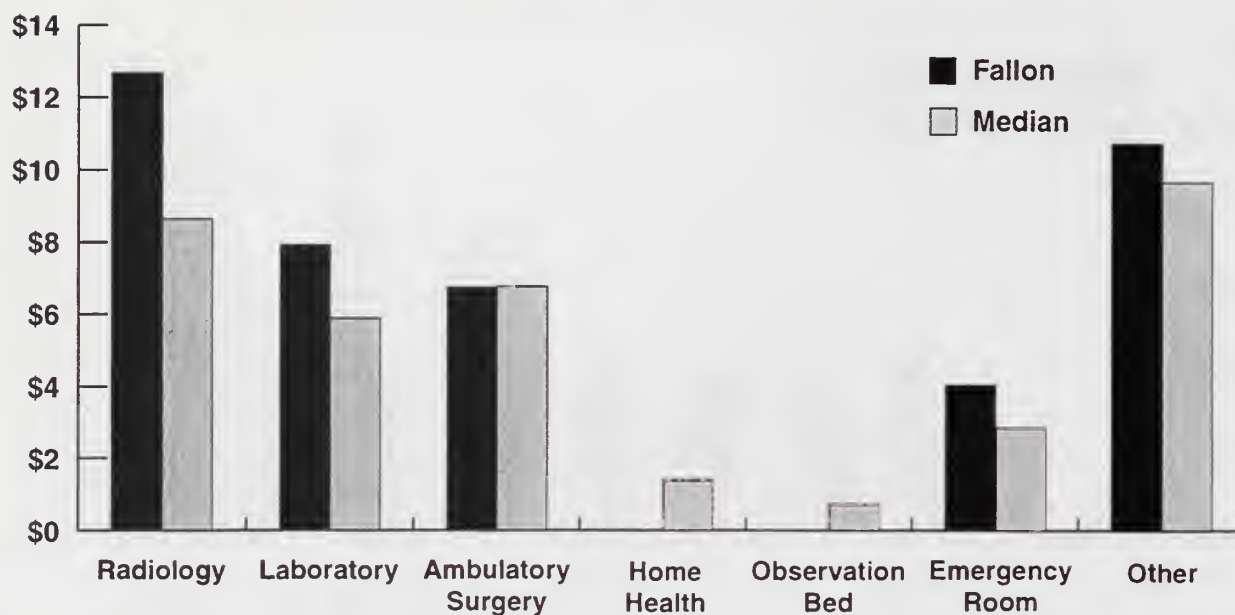
Note: Two plans are missing all data. Fallon is missing data for Maternity/Sick Newborn.

Medical/Surgical Inpatient Costs Per Day



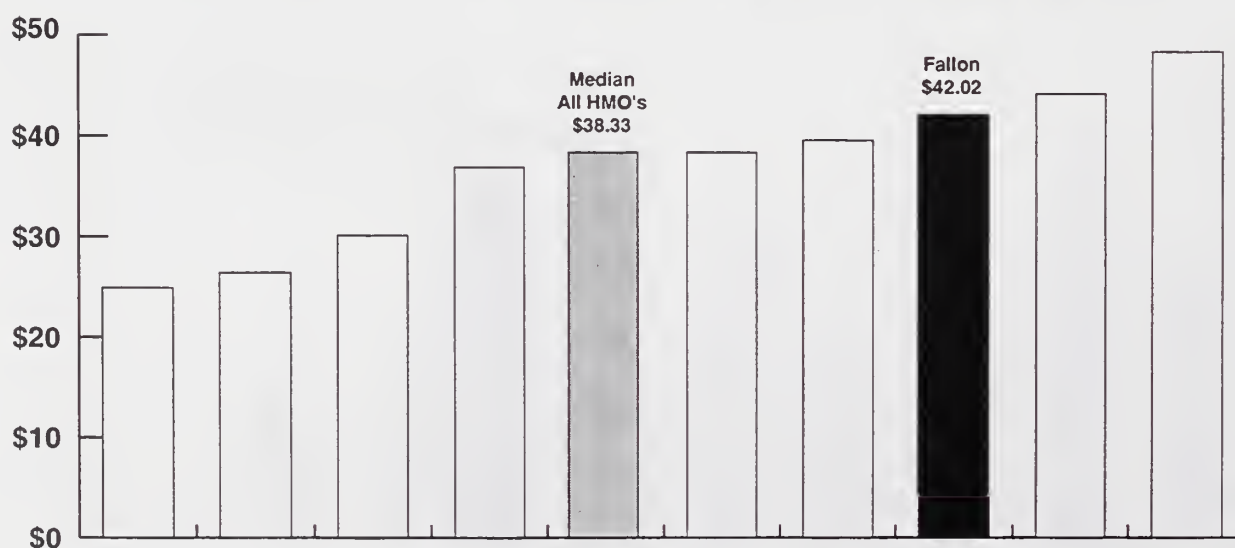
Note: One plan is missing data.

Components of Hospital Outpatient Medical Expenses

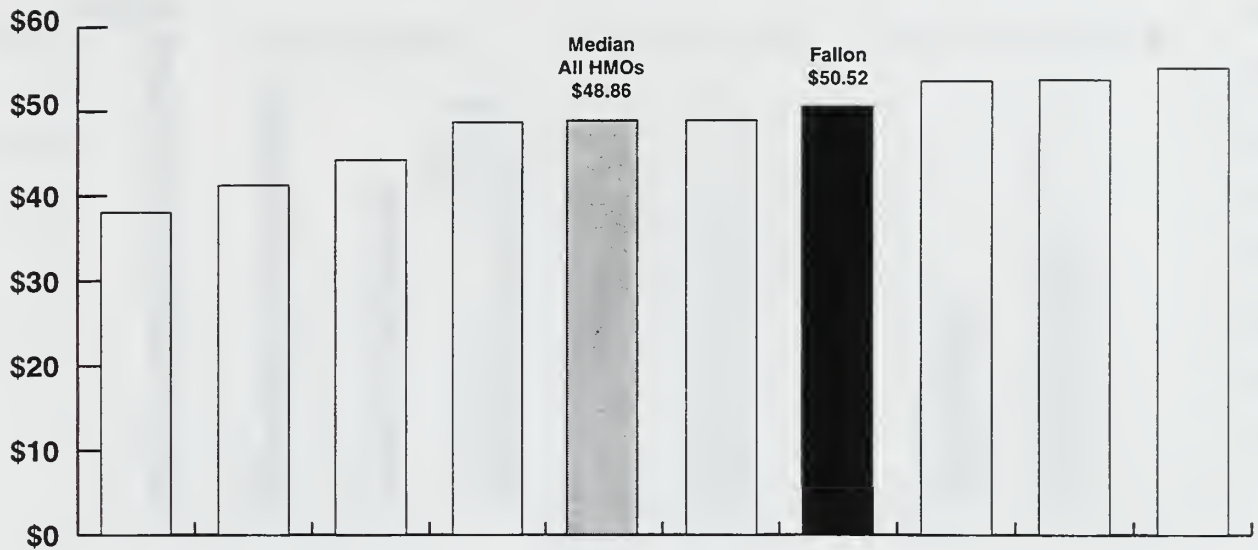


Note: Fallon Community Health Plan is missing data for Home Health and Observation Bed.

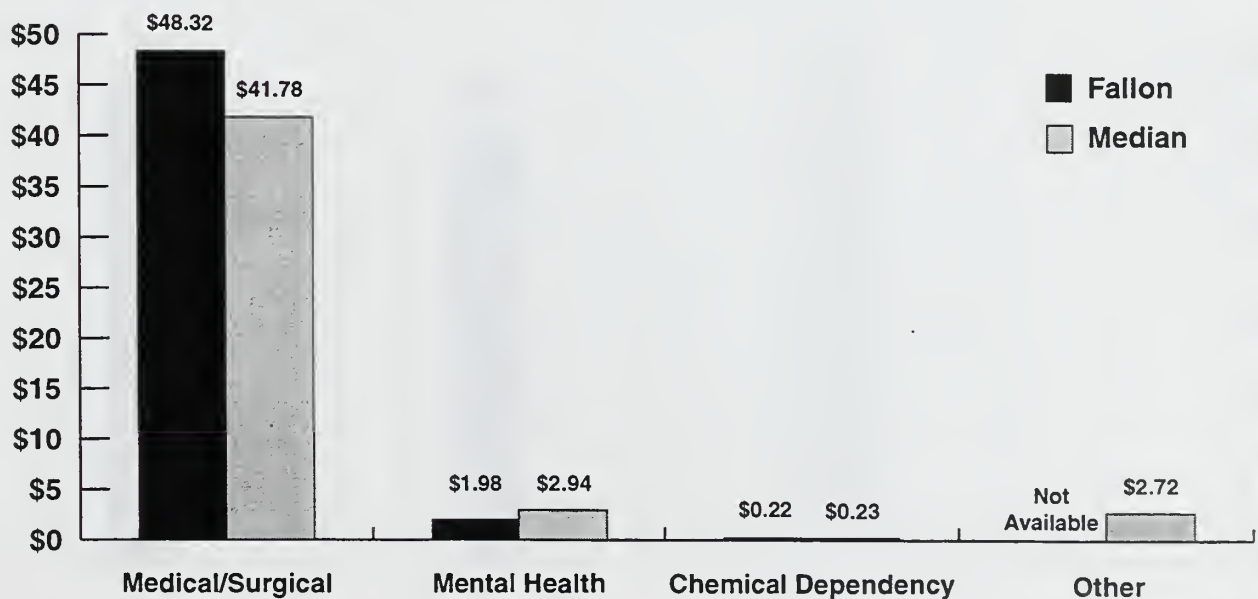
Other Hospital Outpatient Medical Expenses PMPM



Professional Visit Expenses PMPM

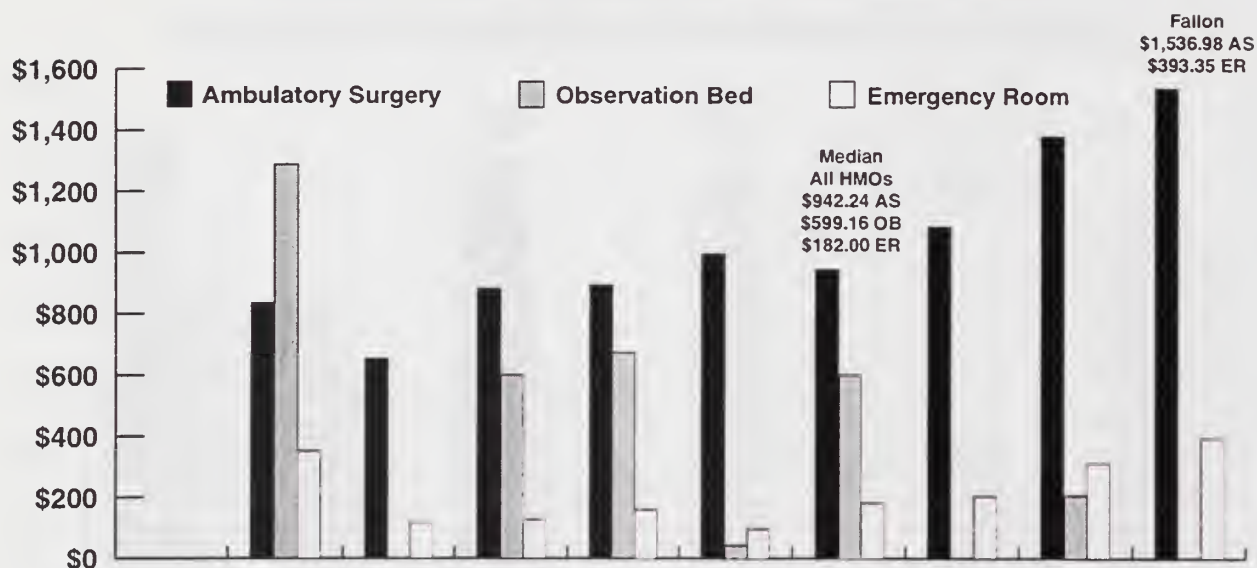


Components of Professional Visit Expenses



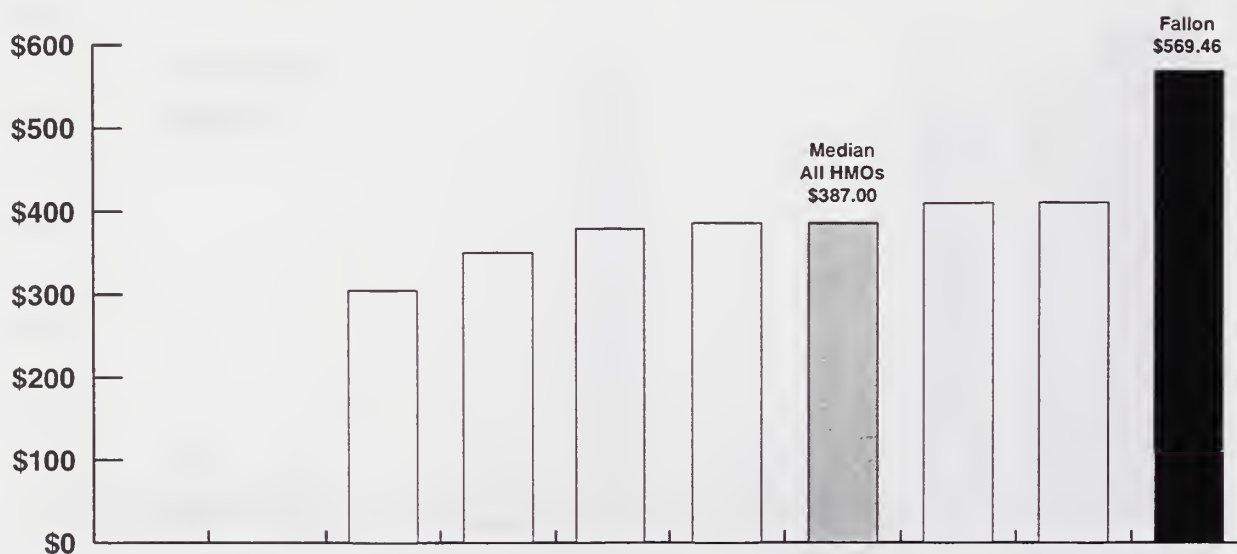
Note: Fallon is missing data for Other.

Ambulatory Cost Per Encounter



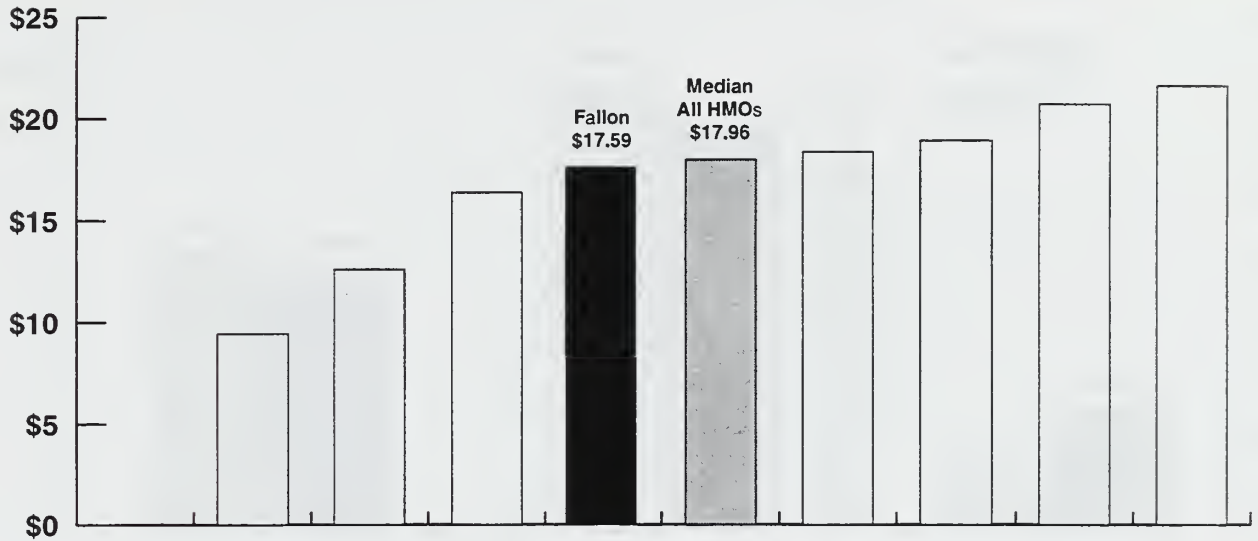
Note: Four plans are missing some or all data. Fallon is missing data for Observation Bed.

Skilled Nursing Facility Cost Per Day



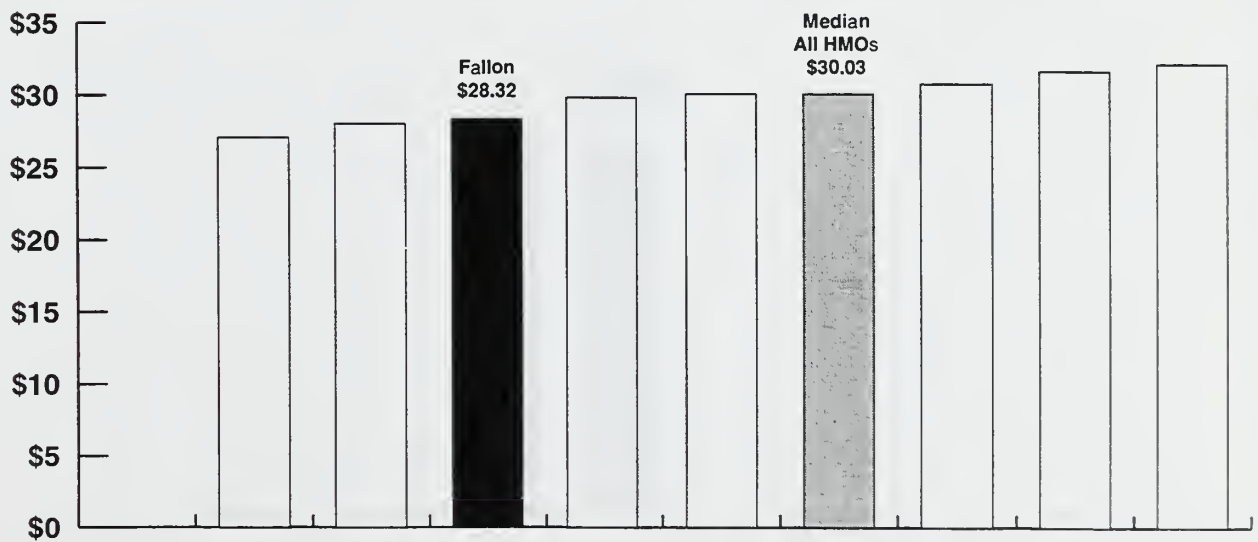
Note: Two plans are missing data.

Pharmacy Expense PMPM



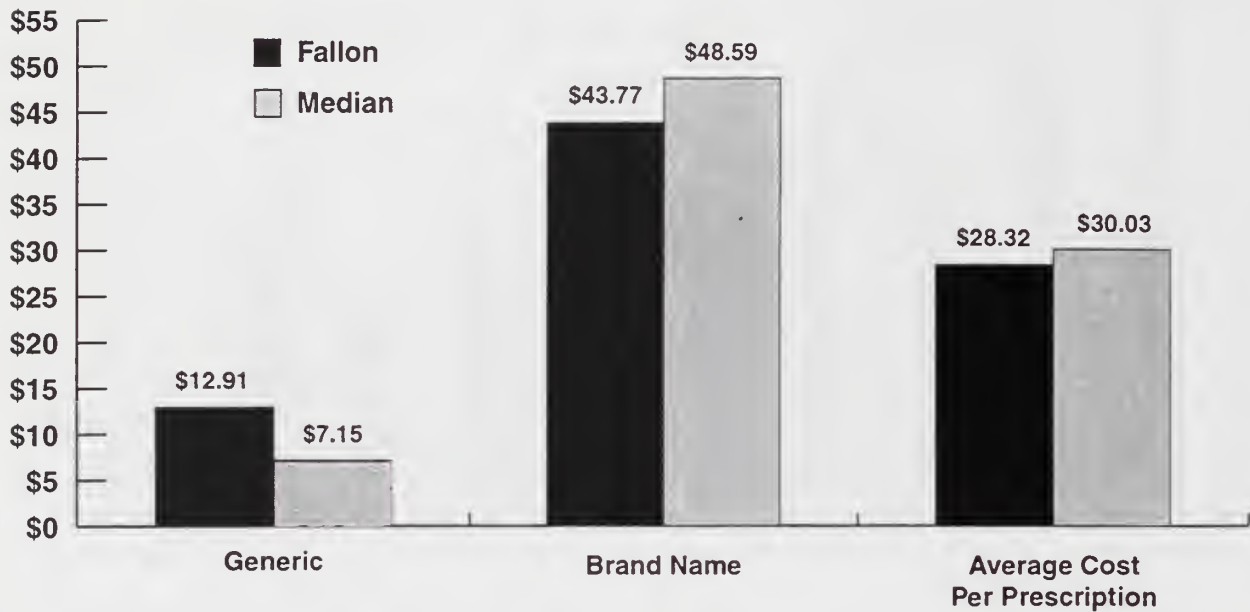
Note: One plan is missing data.

Average Cost Per Prescription

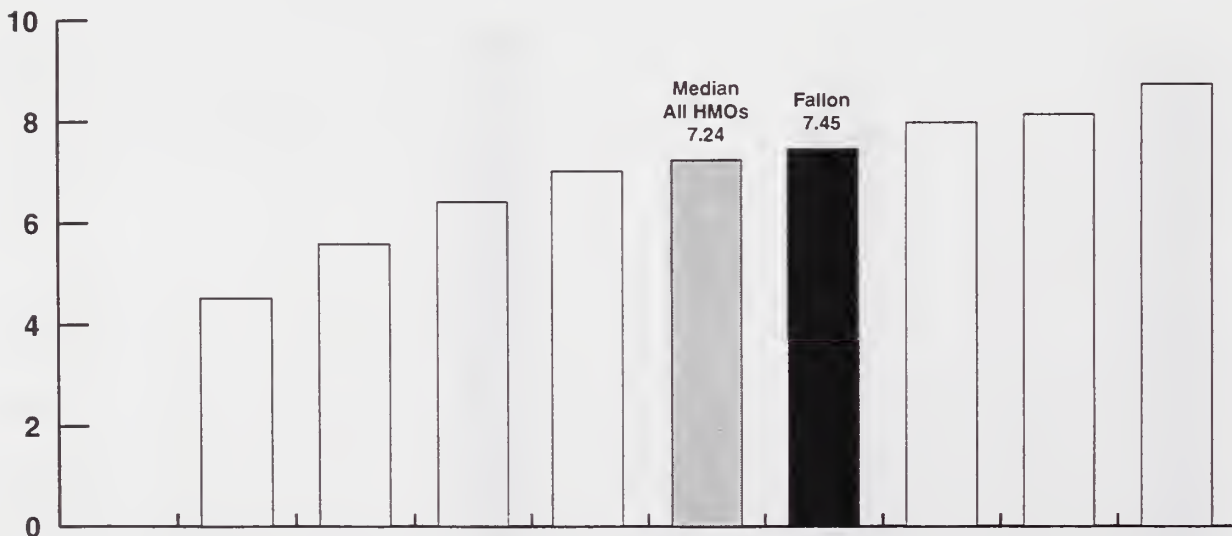


Note: One plan is missing data.

Components of Prescription Costs

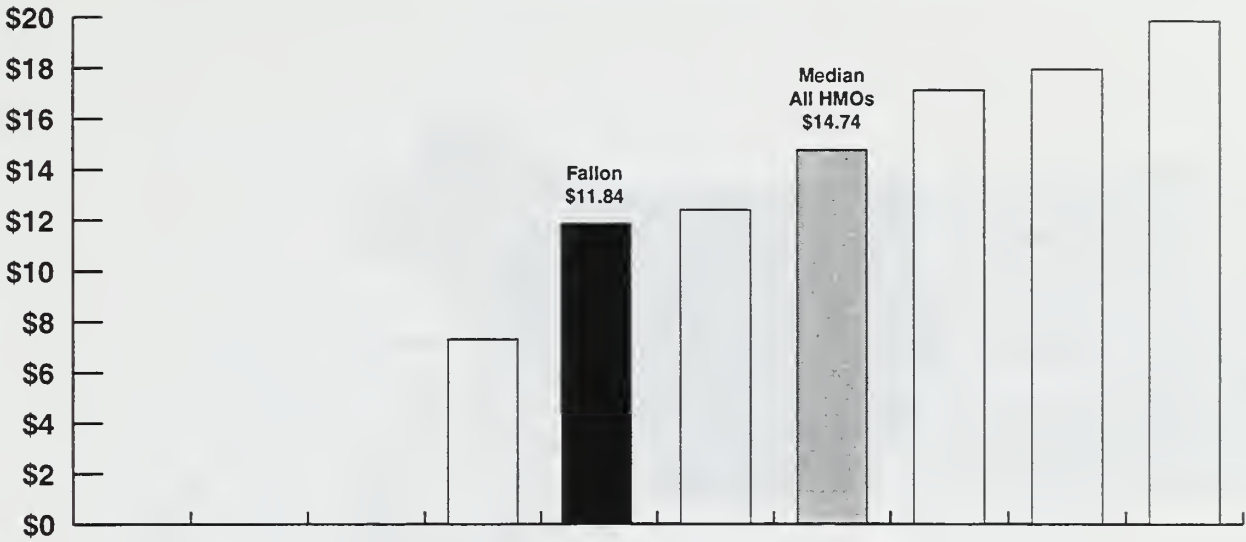


Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

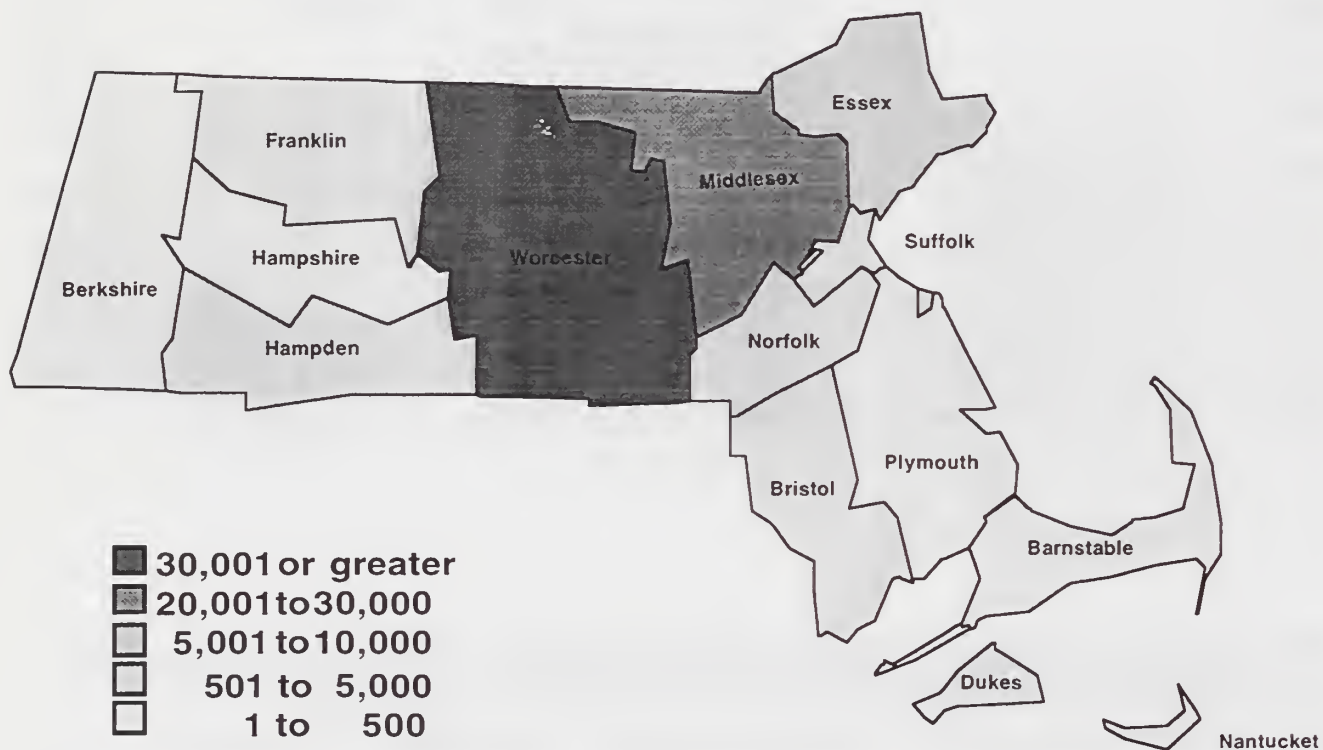
Non-Medical Expenses PMPM



Note: Three plans are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

Fallon Community Health Plan, Inc. Members by Massachusetts County

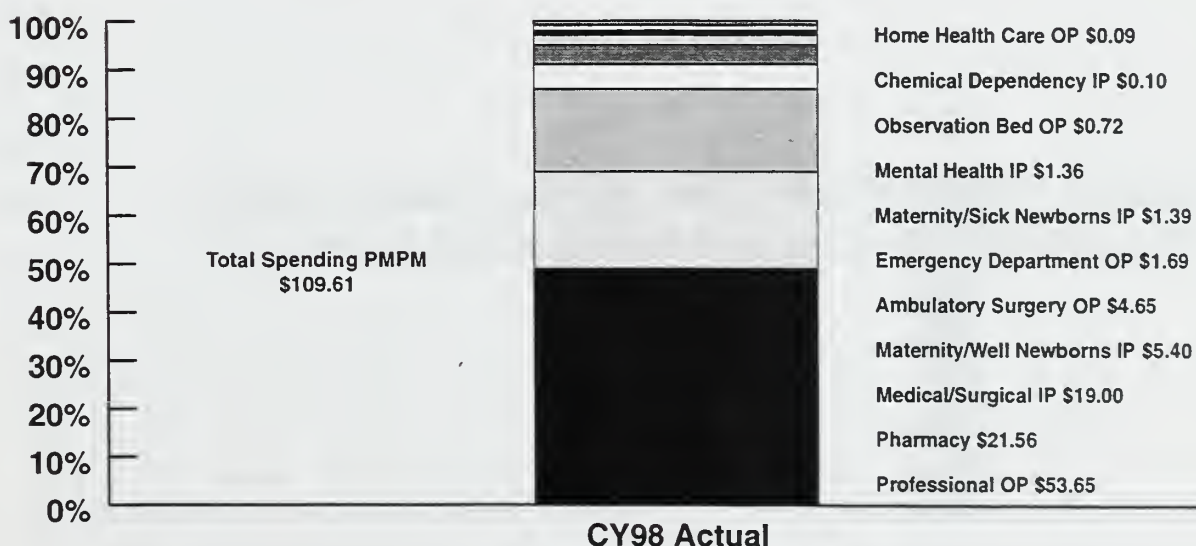


Harvard Pilgrim Health Care, Inc.
10 Brookline Place West, Brookline, MA 02445
(800) 848-9995

*Total Members:	809,486
1998 Revenue:	\$2,668,908,000
1998 Net Income:	-\$53,770,000
Participating Physicians in Massachusetts:	15,133
Participating Hospitals in Massachusetts:	98
Areas Served in Massachusetts:	Statewide

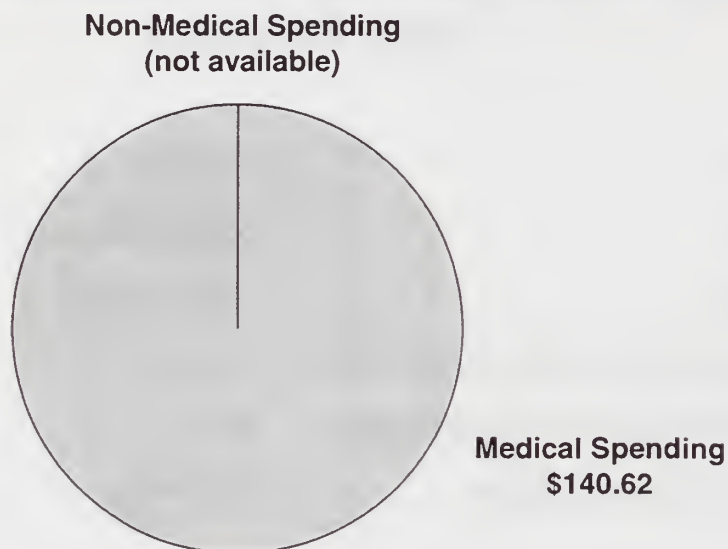
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

Harvard Medical Spending Percentage



Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Harvard Pilgrim is missing non-medical expense information. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending



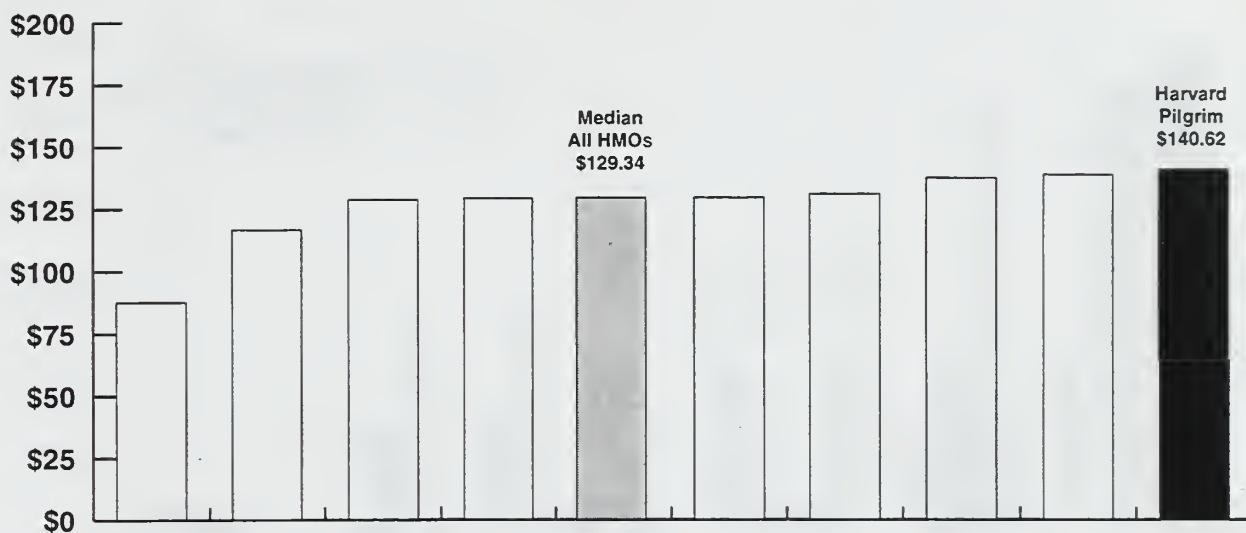
Note: Harvard Pilgrim has had difficulty calculating its administrative costs by product line. This estimate is for all commercial products (i.e. not limited to fully insured products). The data were submitted too late to be included in the profile section.

Total Per Member Per Month Medical and Non-Medical Expenses

**Harvard Pilgrim Health Care, Inc. is missing data for
Total PMPM Medical and Non-Medical Expenses.**

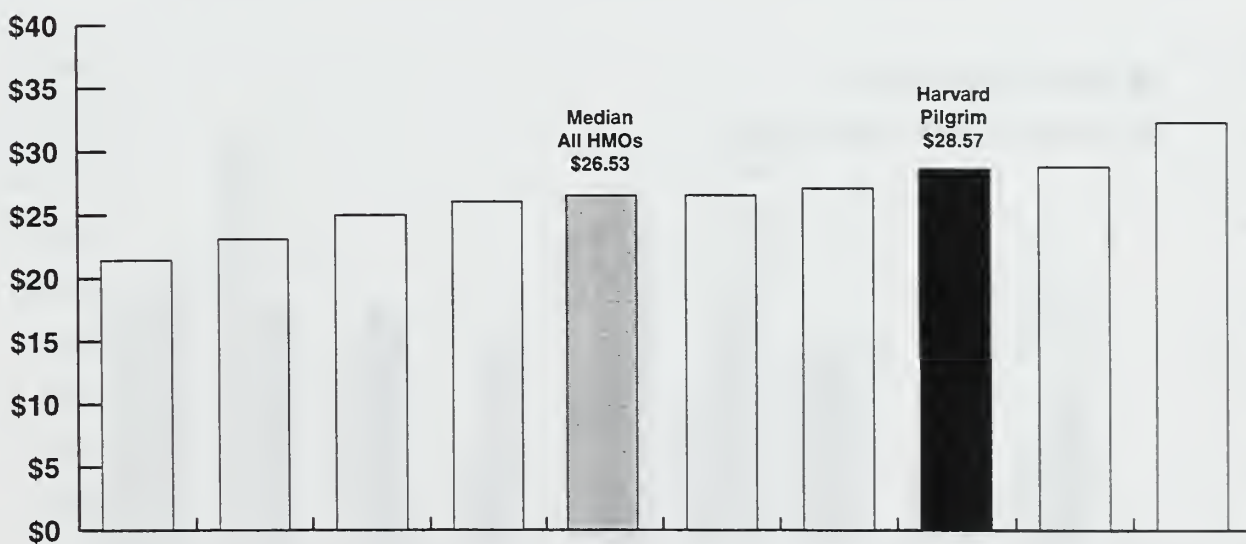
Note: Three plans including Harvard Pilgrim are missing data.

Medical Expenses PMPM

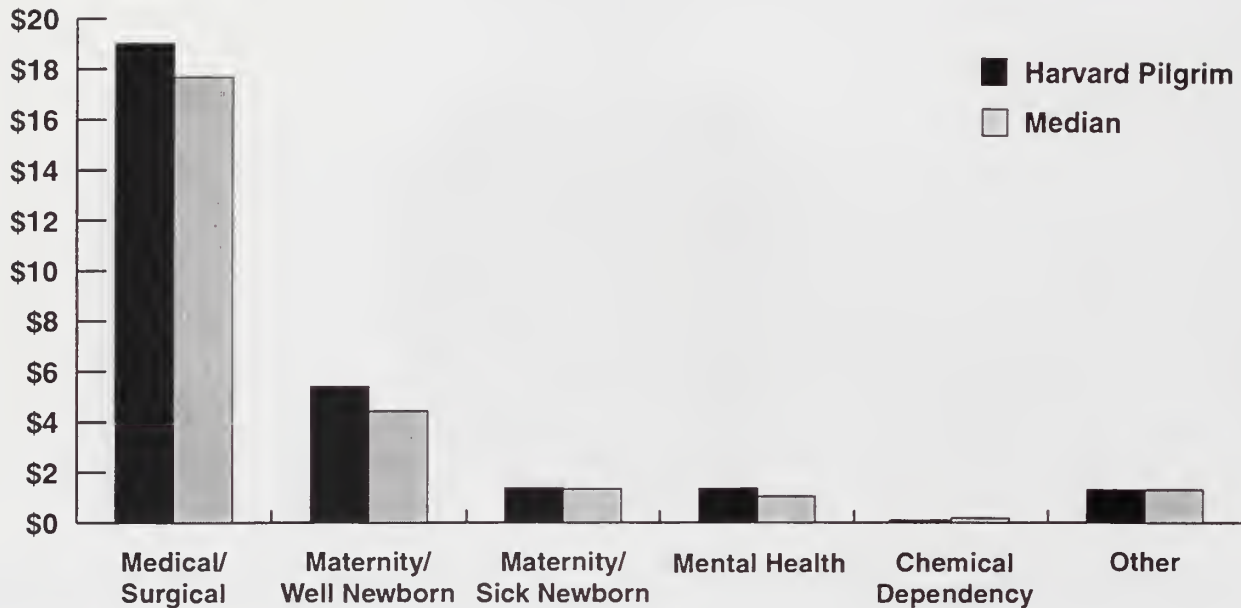


Note: These data are from internal cost monitoring reports.

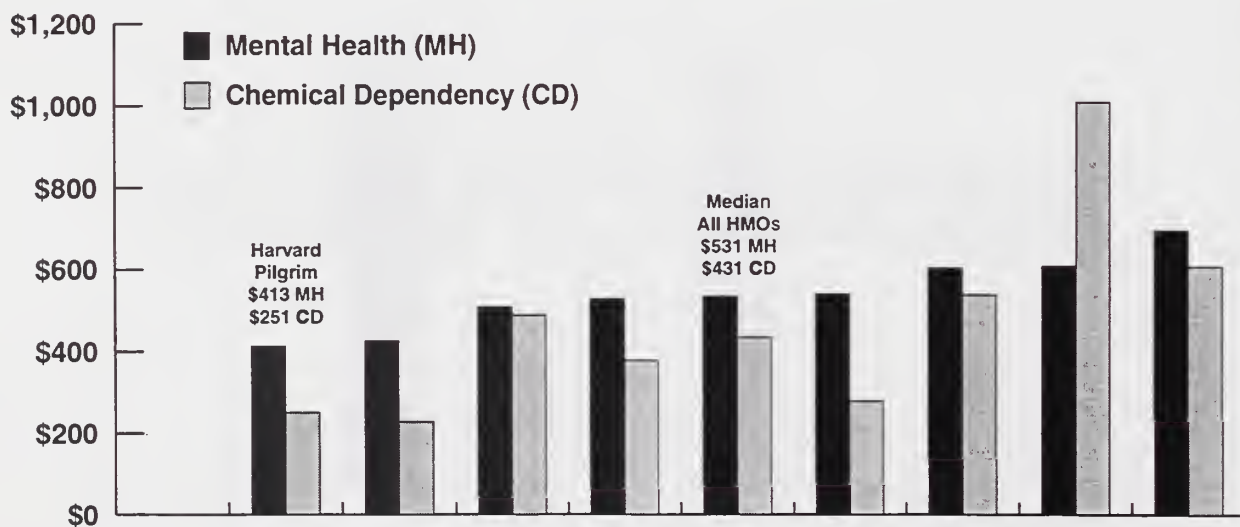
Inpatient Expenses PMPM



Components of Inpatient Medical Expenses PMPM

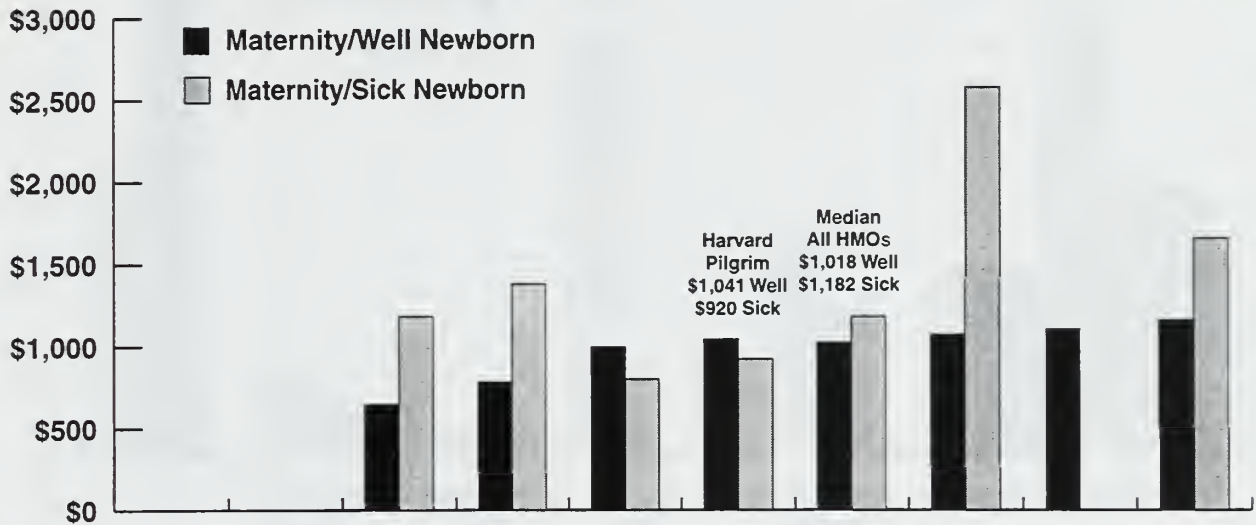


Inpatient Mental Health and Chemical Dependency Costs Per Day



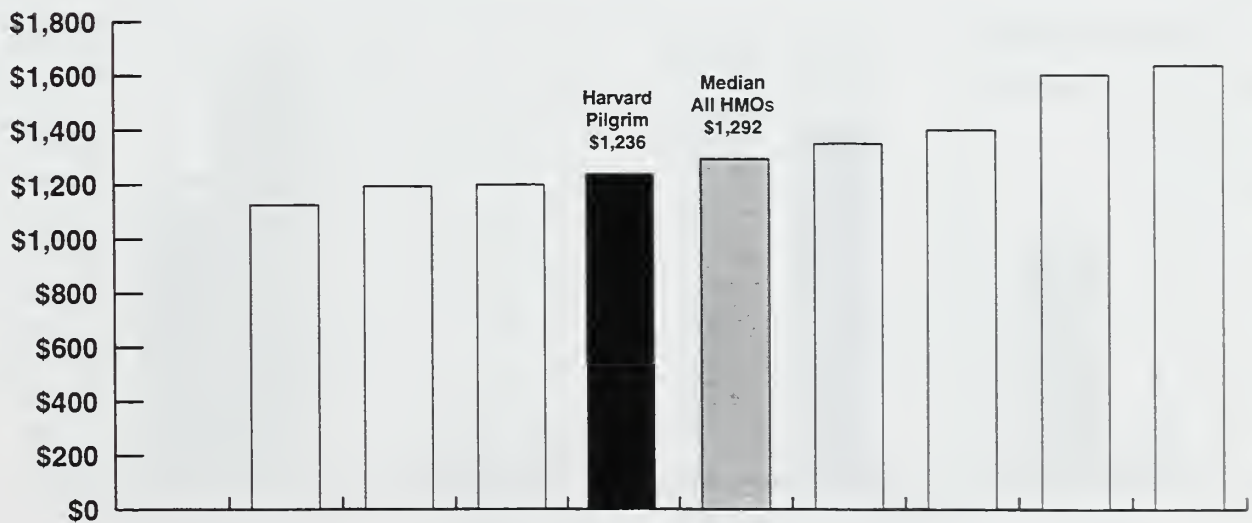
Note: One plan is missing data. Harvard Pilgrim excluded day treatment services from mental health and chemical dependency expenditures.

Maternity Inpatient Costs Per Day



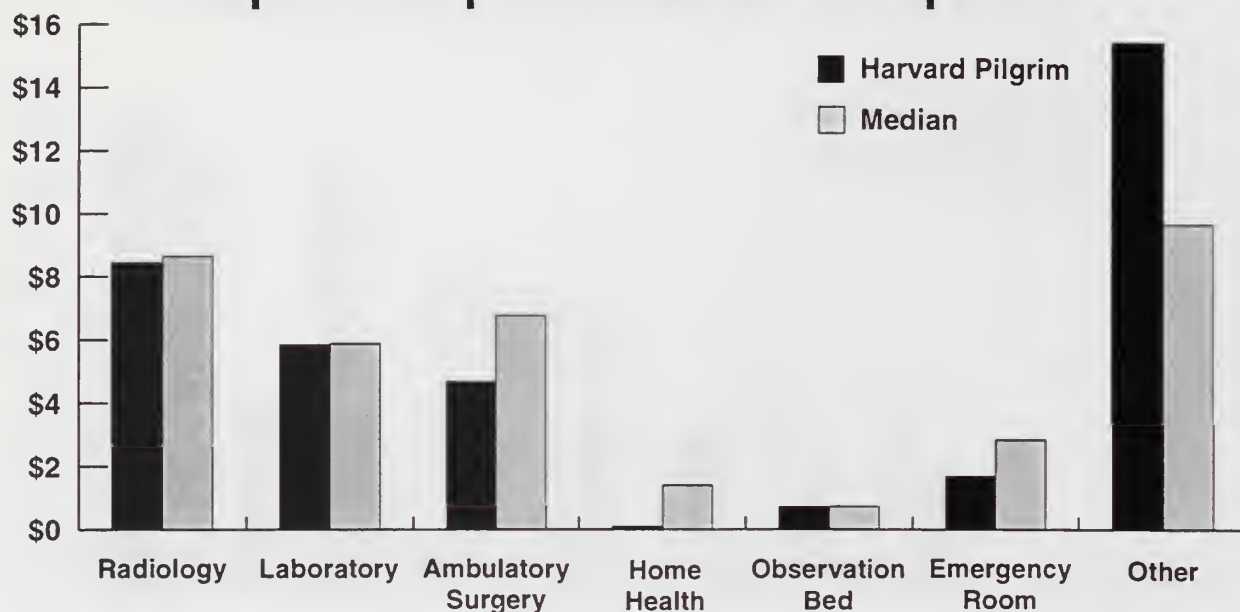
Note: Three plans are missing some or all data.

Medical/Surgical Inpatient Costs Per Day

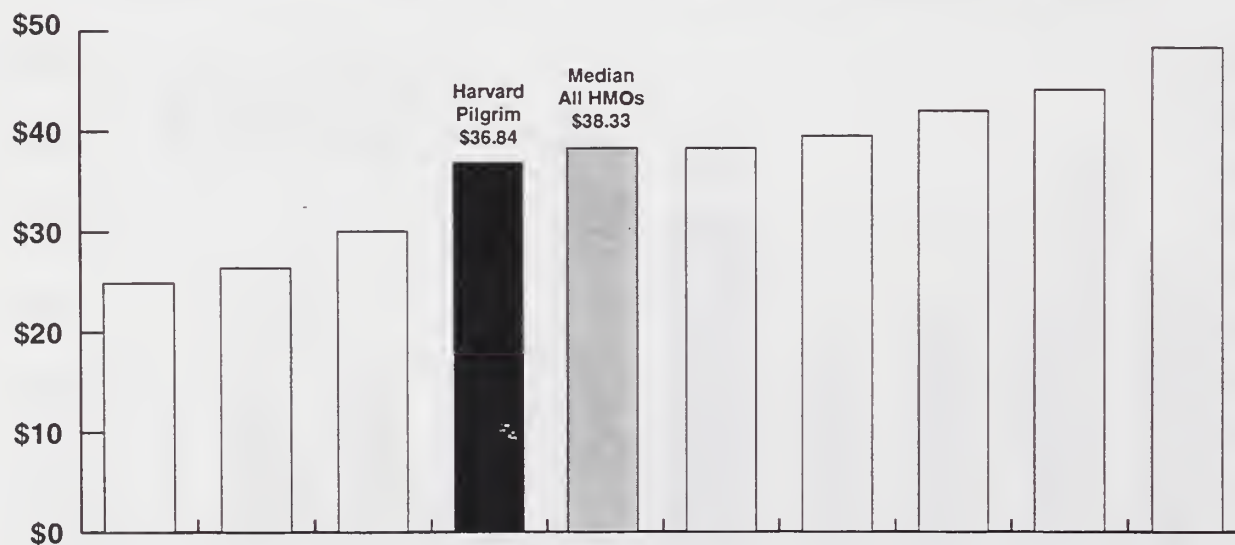


Note: One plan is missing data.

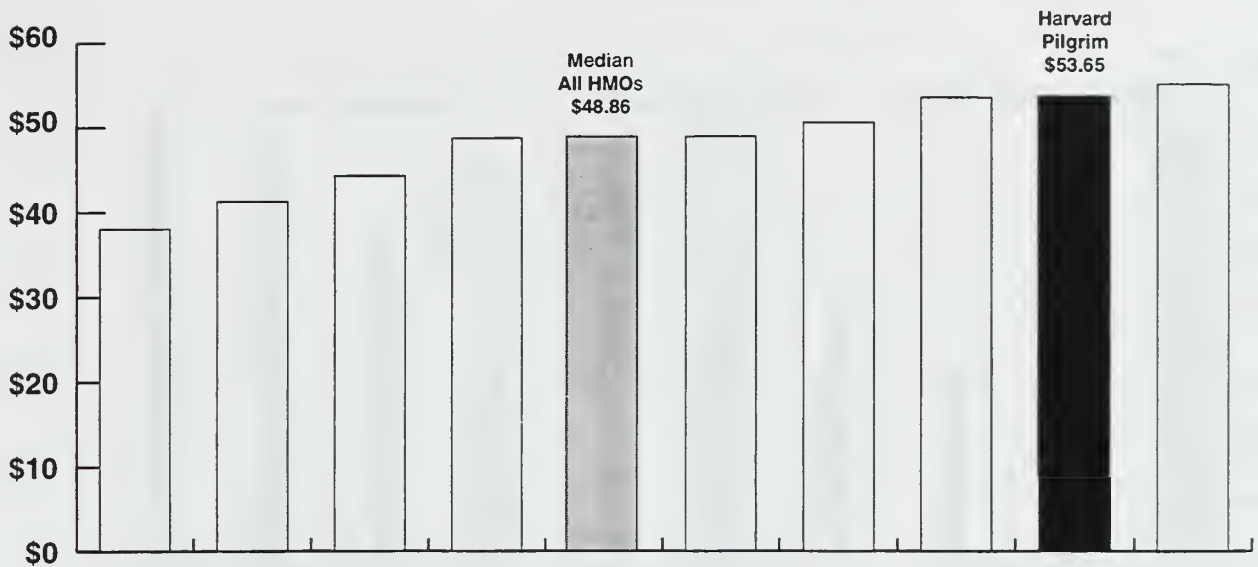
Components of Hospital Outpatient Medical Expenses



Other Hospital Outpatient Medical Expenses PMPM

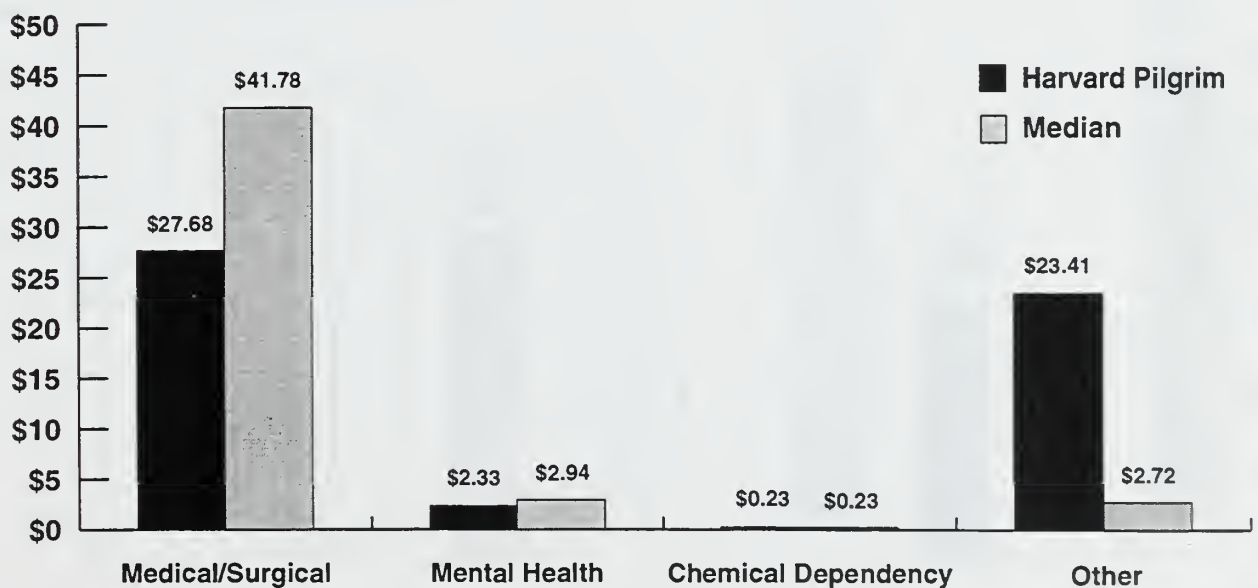


Professional Visit Expenses PMPM



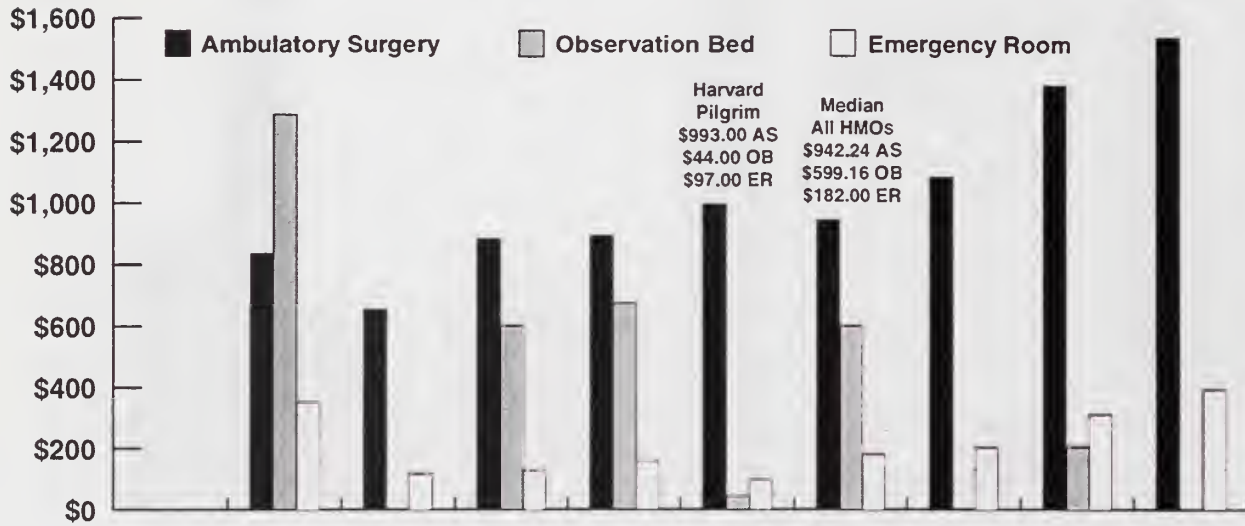
Note: Harvard Pilgrim included Rehab, SNF, ICF and Subacute Care. Professional Visits includes all physician service for the categories listed. PCP Management Fee and in-center capitation are also included in Other.

Components of Professional Visit Expenses



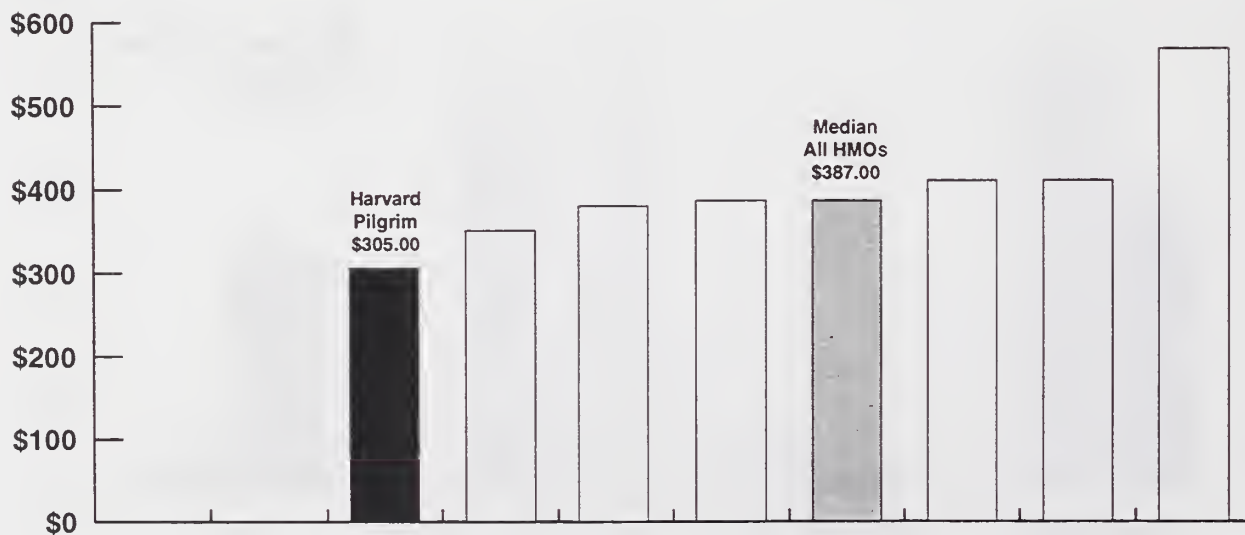
Note: Management Fee and in-center capitation are also included in Other.

Ambulatory Cost Per Encounter



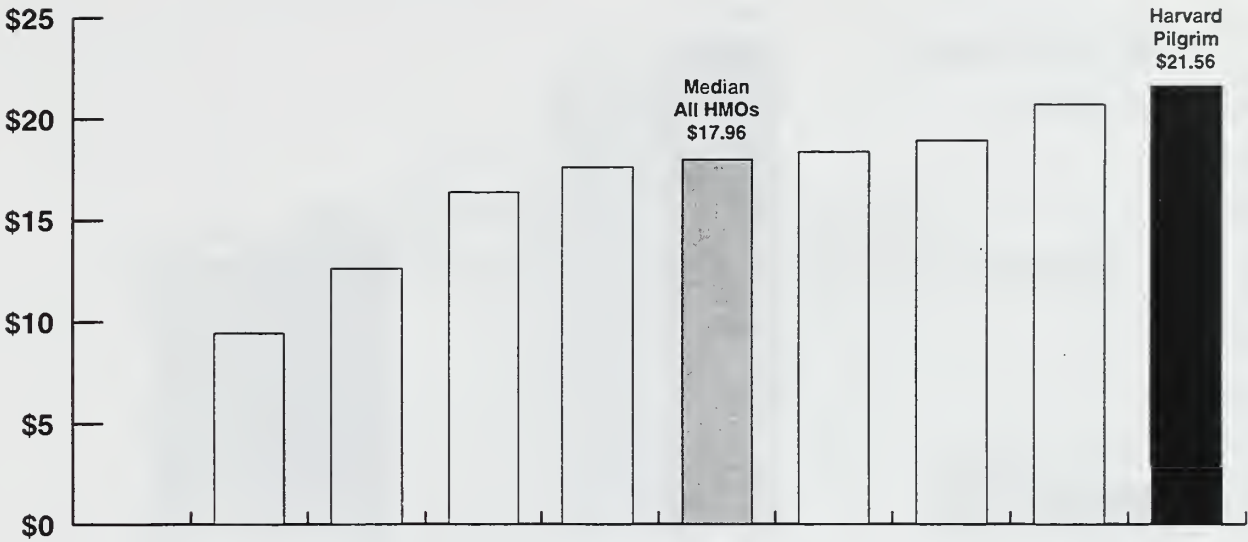
Note: Four plans are missing some or all data.

Skilled Nursing Facility Cost Per Day



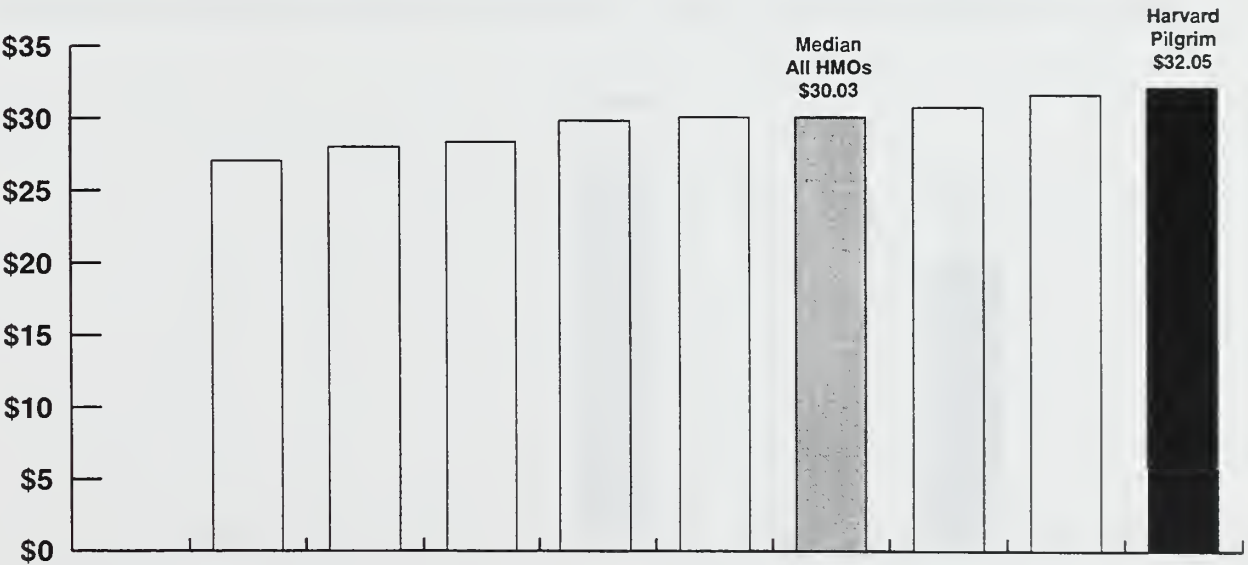
Note: Two plans are missing data.

Pharmacy Expense PMPM



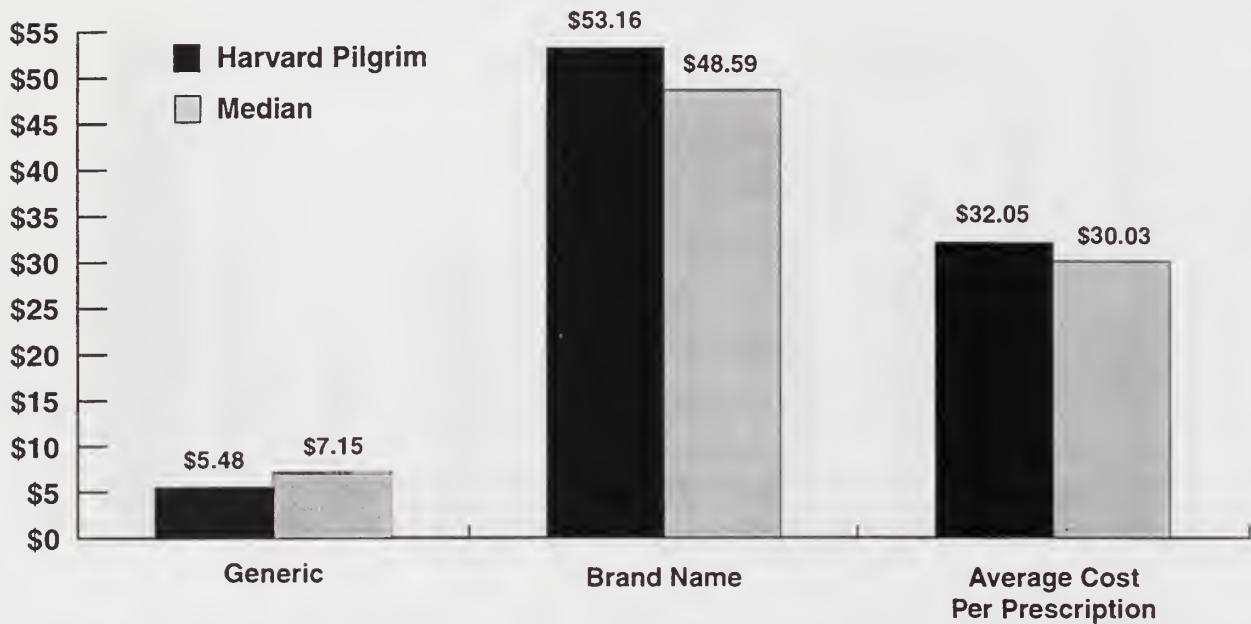
Note: One plan is missing data. Harvard Pilgrim included all members enrolled in all three HPHC's divisions (Medical Groups Division, Health Centers Division and New England Division).

Average Cost Per Prescription

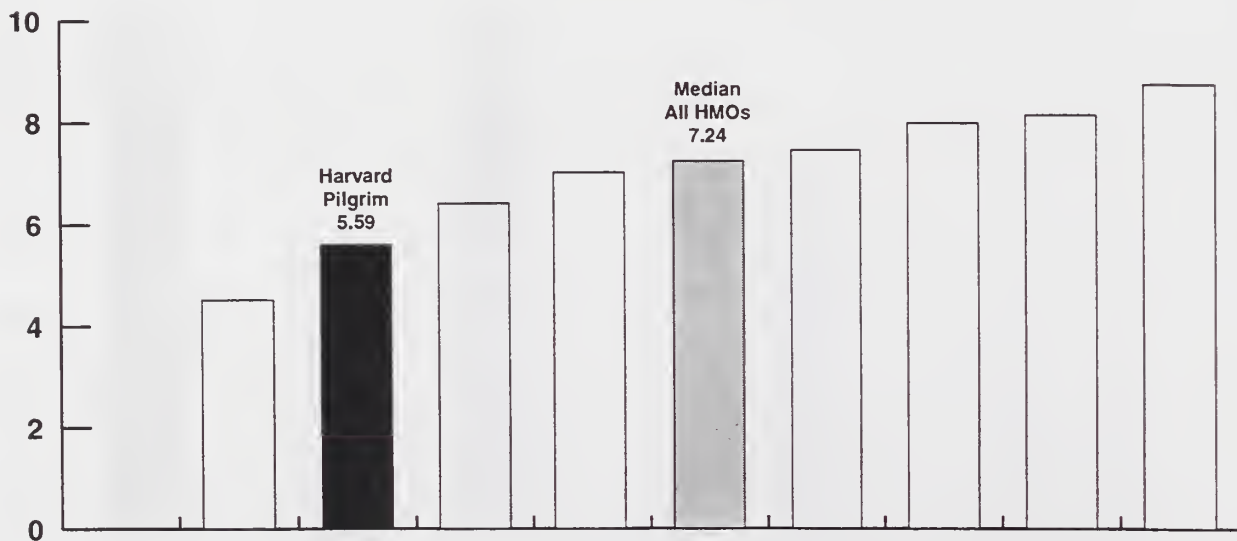


Note: One plan is missing data.

Components of Prescription Costs



Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

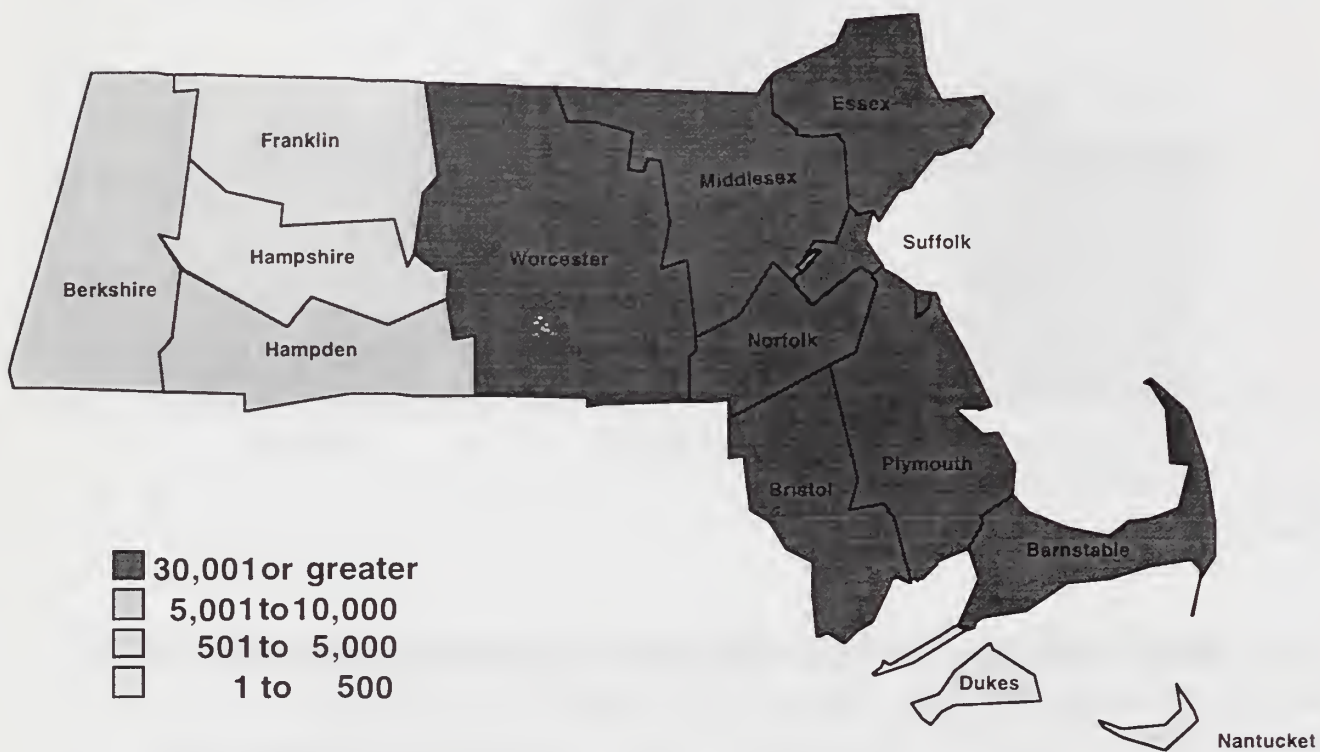
Non-Medical Expenses PMPM

**Harvard Pilgrim Health Care, Inc.
is missing data for Non-Medical Expenses PMPM.**

Note: Three plans including Harvard Pilgrim are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

Harvard Pilgrim Health Care, Inc Members by Massachusetts County



HMO Blue
100 Summer Street, Boston, MA 02445
(800) 848-9995

*Total Members:	512,350
1998 Revenue:	\$1,200,000,000
1998 Net Income:	\$24,200,000
Participating Physicians in Massachusetts:	13,659
Participating Hospitals in Massachusetts:	88
Areas Served in Massachusetts:	Statewide

Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

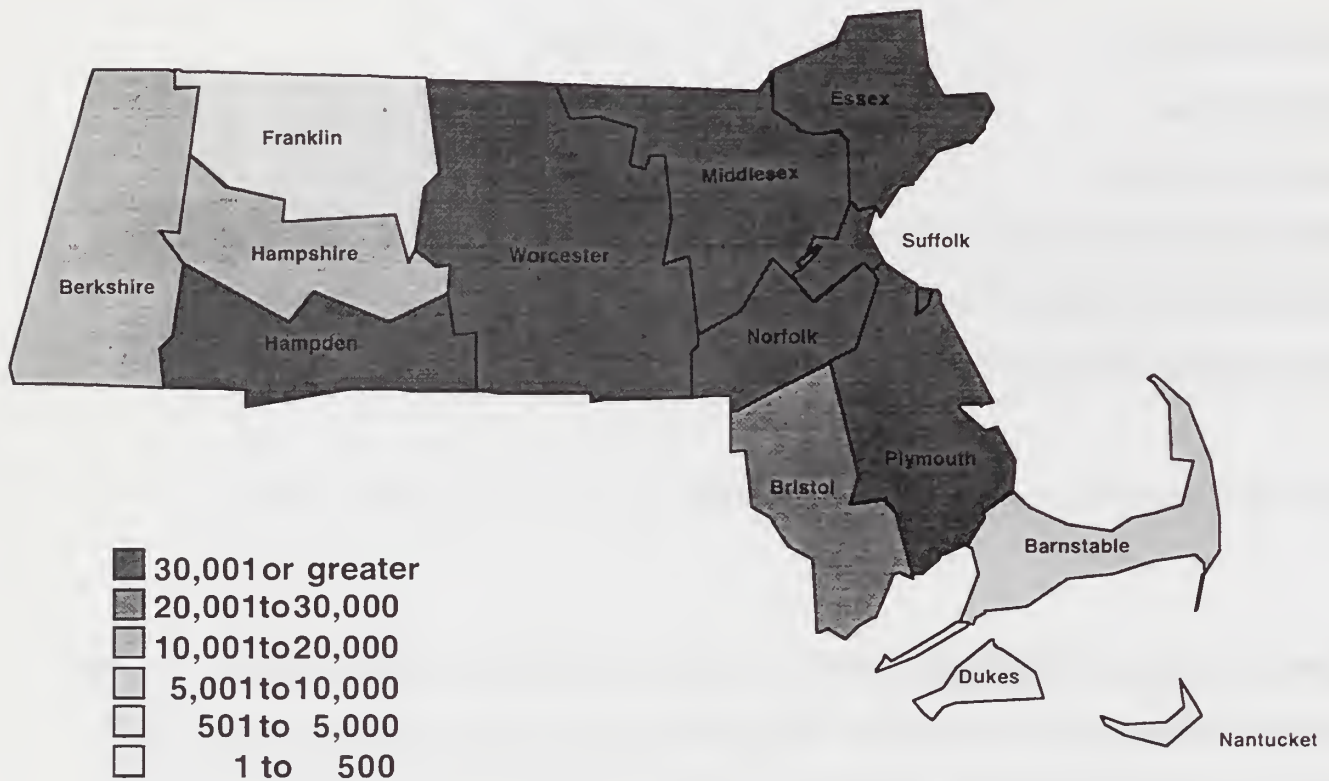
Blue Cross Blue Shield of Massachusetts did not participate in this survey. The plan submitted per member per month (PMPM) figures late and are not included in this analysis. For additional information see Methods section on page 3 of this report. PMPM figures are shown below::

Medical: \$134.83

Non-Medical: \$25.54

Total PMPM: \$160.37

HMO Blue Members by Massachusetts County

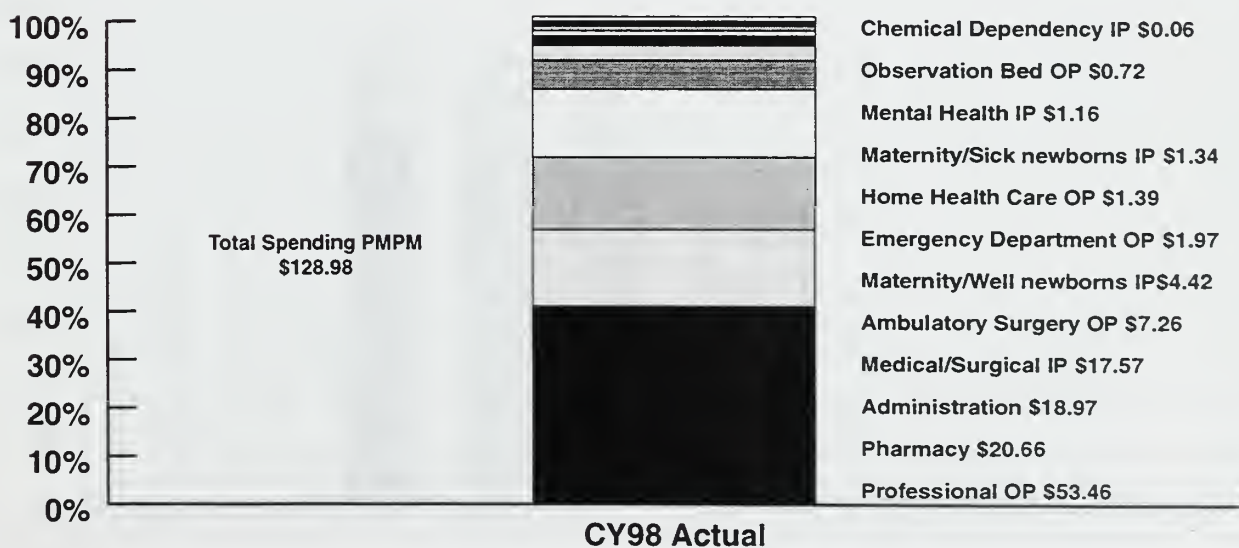


Health New England, Inc.
One Monarch Place, Springfield, MA 01144
(413) 787-4000

*Total Members:	65,124
1998 Revenue:	\$123,447,082
1998 Net Income:	-\$3,198,258
Participating Physicians in Massachusetts:	1,200
Participating Hospitals in Massachusetts:	9
Areas Served in Massachusetts:	Western Massachusetts

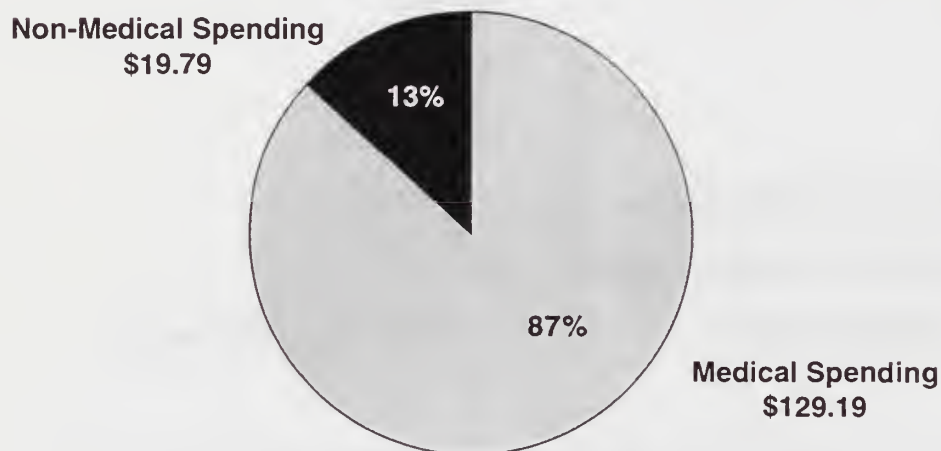
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

Health New England Total PMPM
Spending by Component

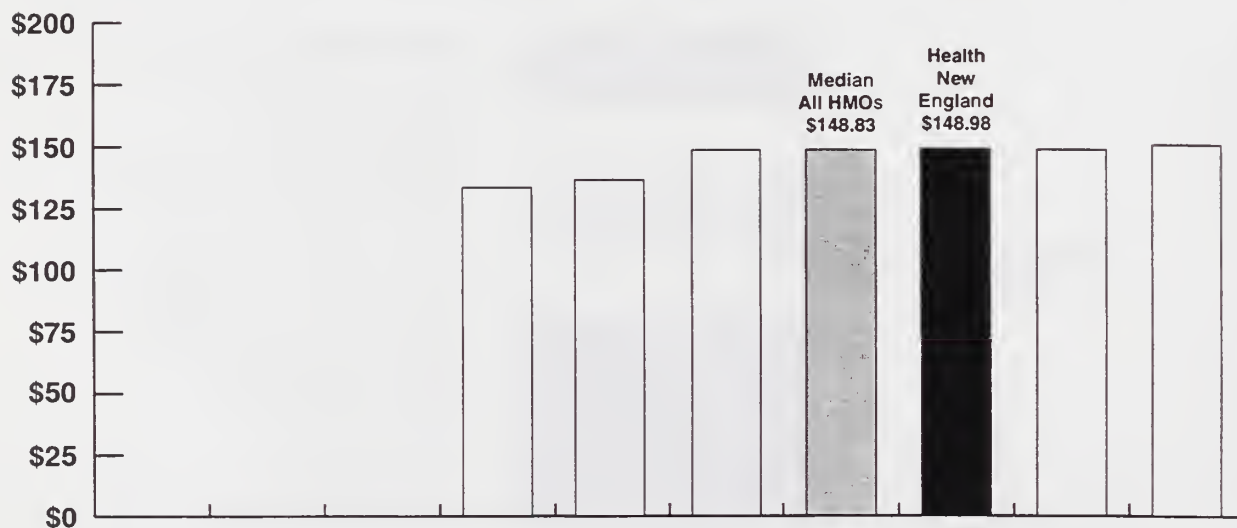


Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending

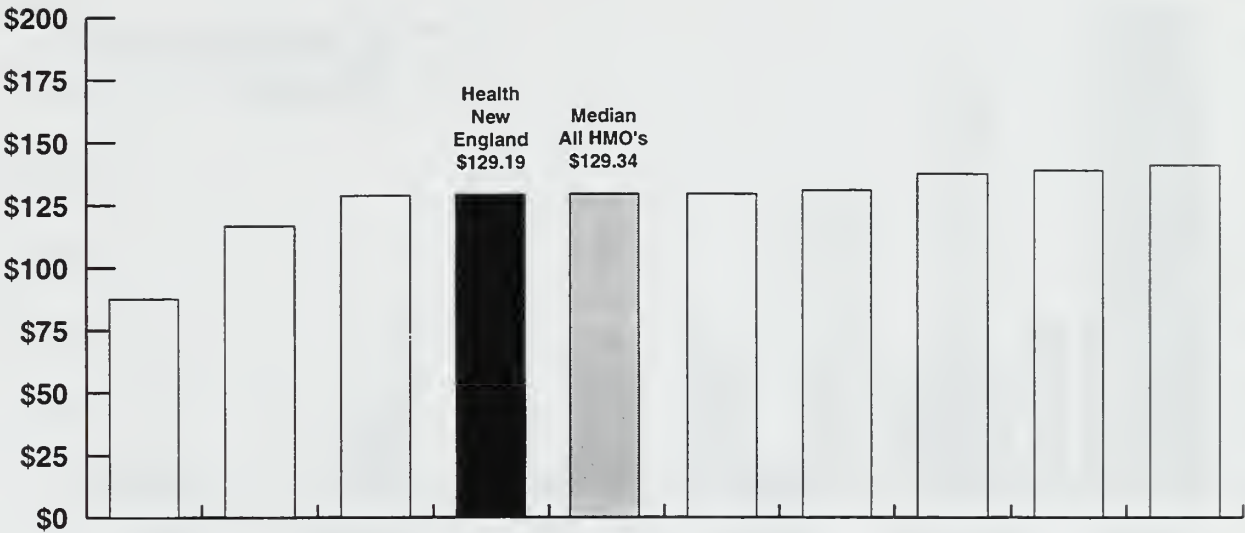


Total Per Member Per Month Medical and Non-Medical Expenses

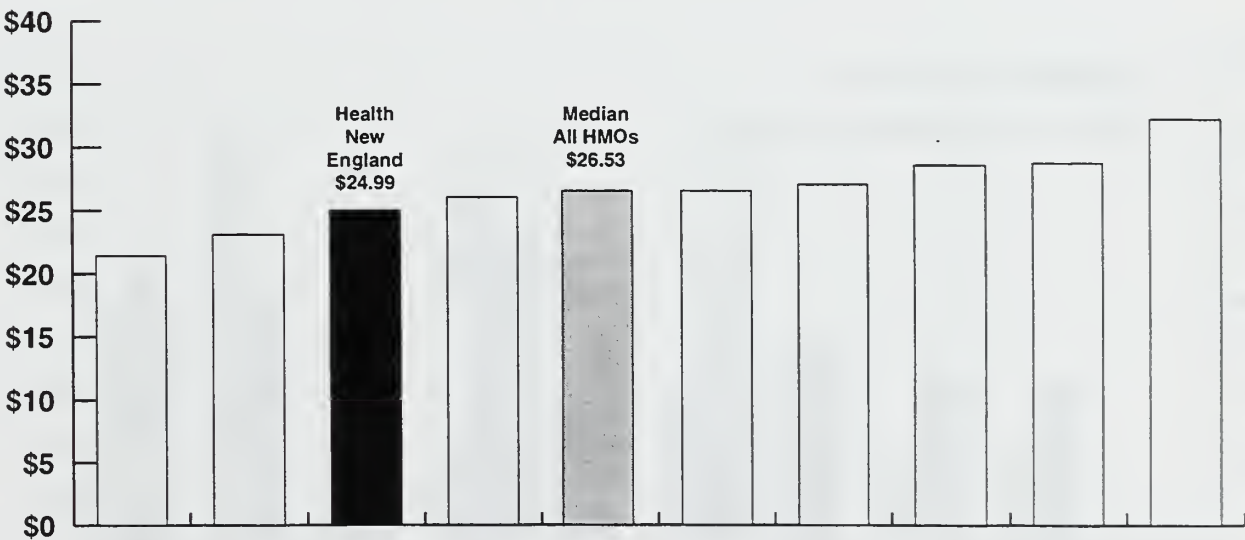


Note: Three plans are missing data. Health New England included loss on equipment disposal and acquisition costs related to joint venture.

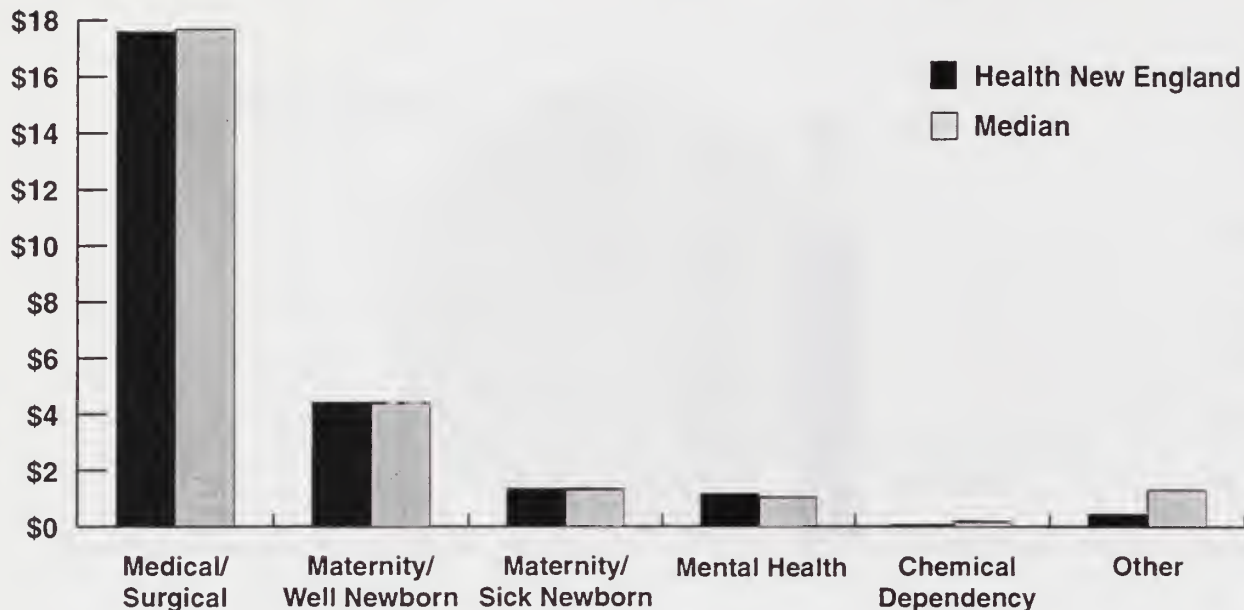
Medical Expenses PMPM



Inpatient Expenses PMPM

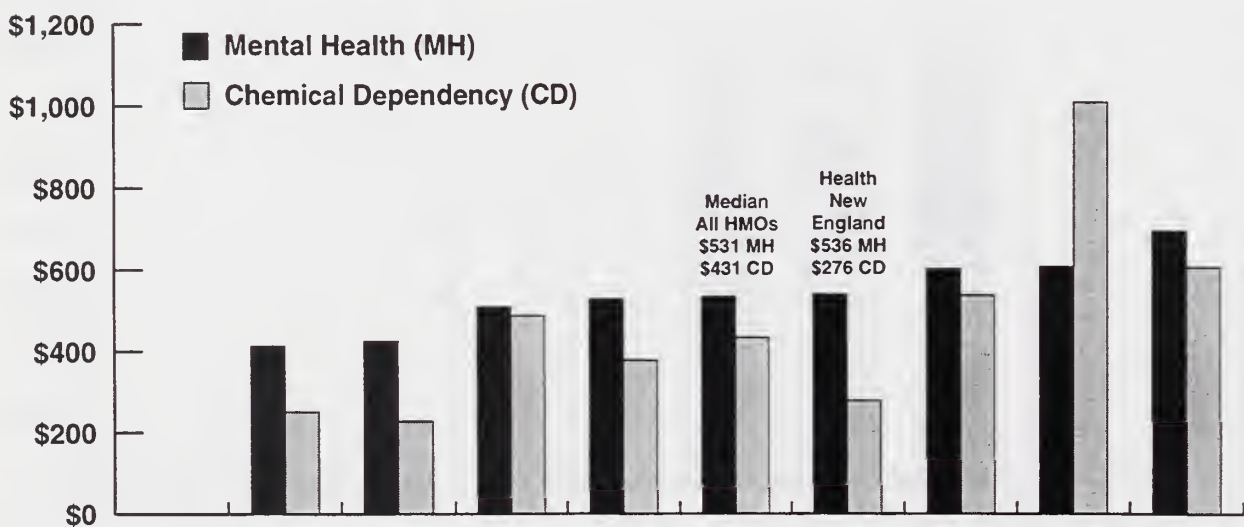


Components of Inpatient Medical Expenses PMPM



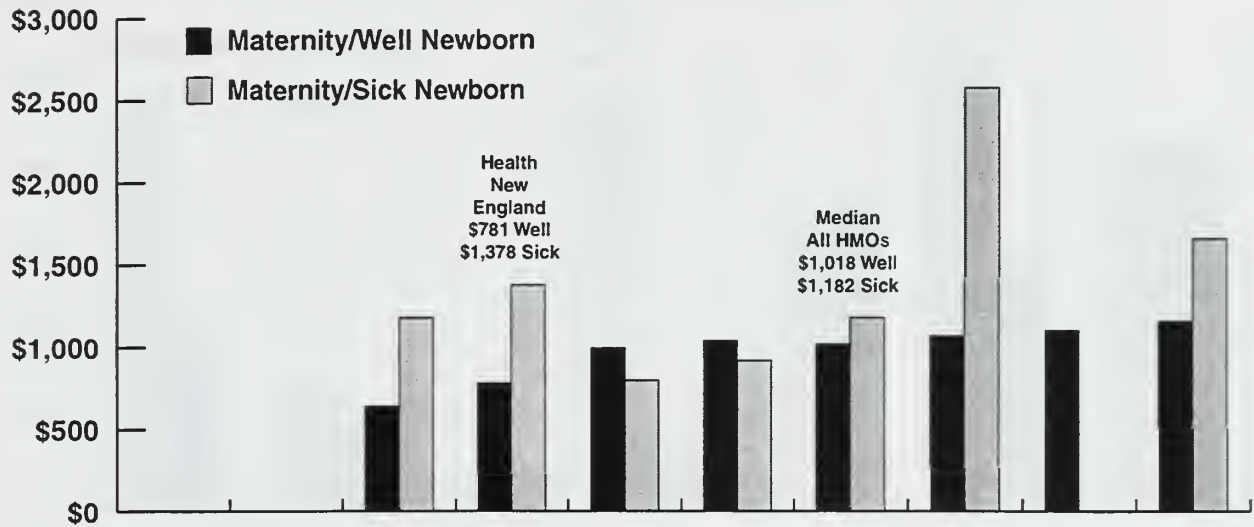
Note: Health New England included SNF and pharmacy expenses in Other.

Inpatient Mental Health and Chemical Dependency Costs Per Day



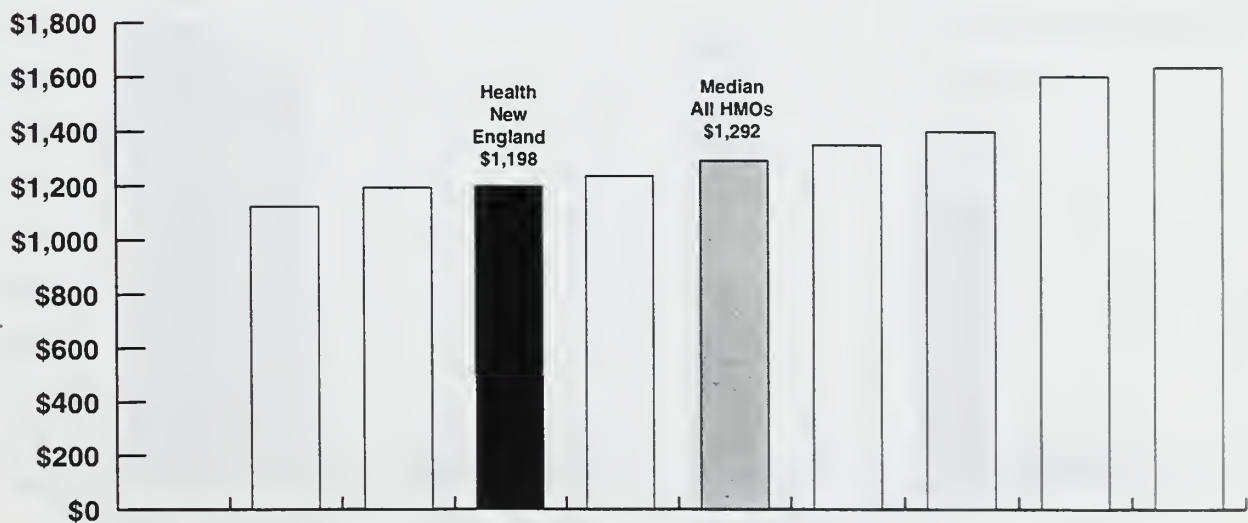
Note: One plan is missing data.

Maternity Inpatient Costs Per Day



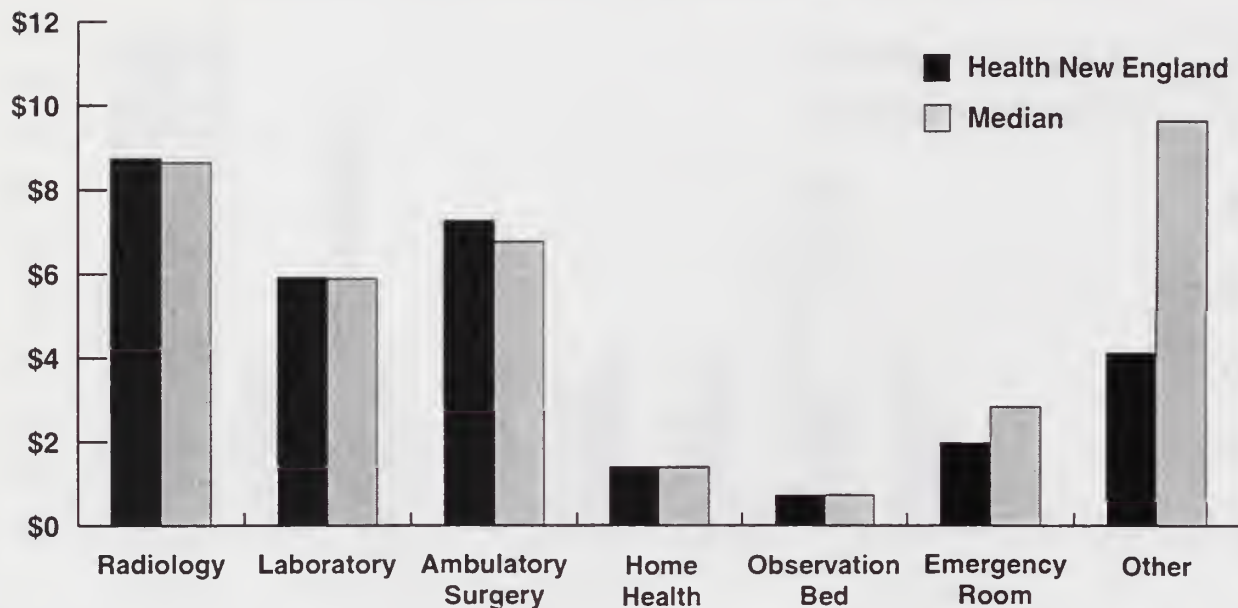
Note: Three plans are missing some or all data.

Medical/Surgical Inpatient Costs Per Day



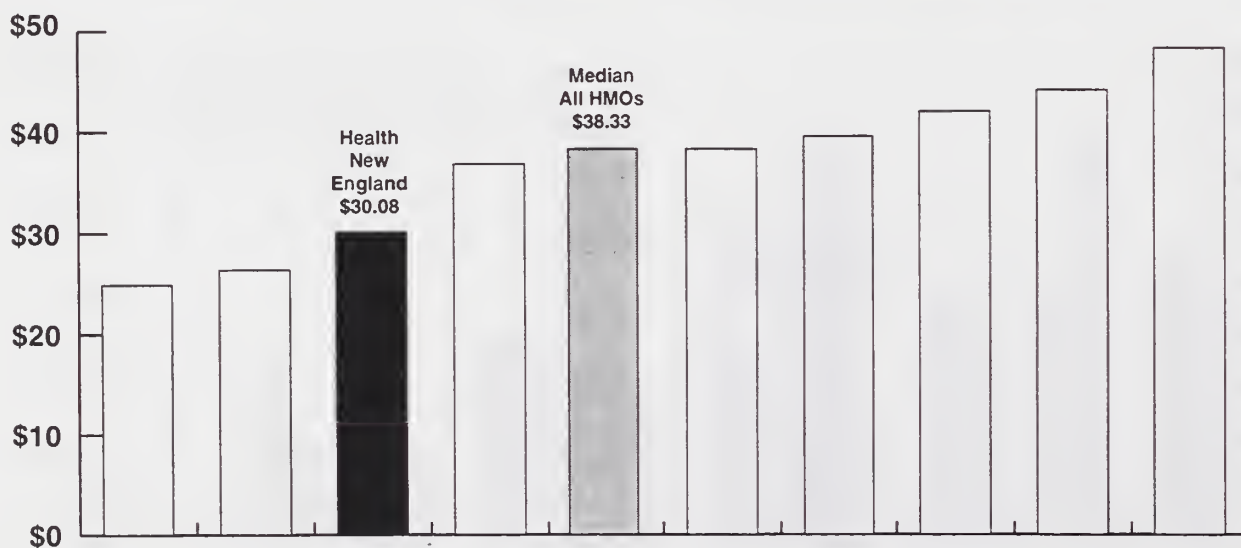
Note: One plan is missing data.

Components of Hospital Outpatient Medical Expenses

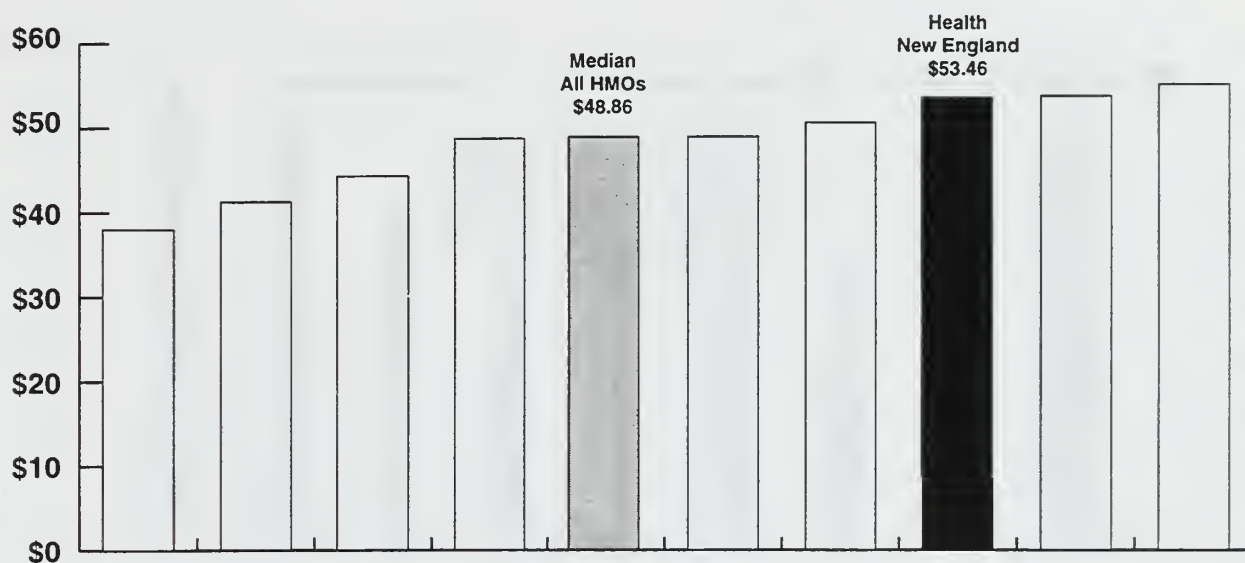


Note: Health New England included durable medical equipment, ambulance and outpatient diagnostic expenses in Other.

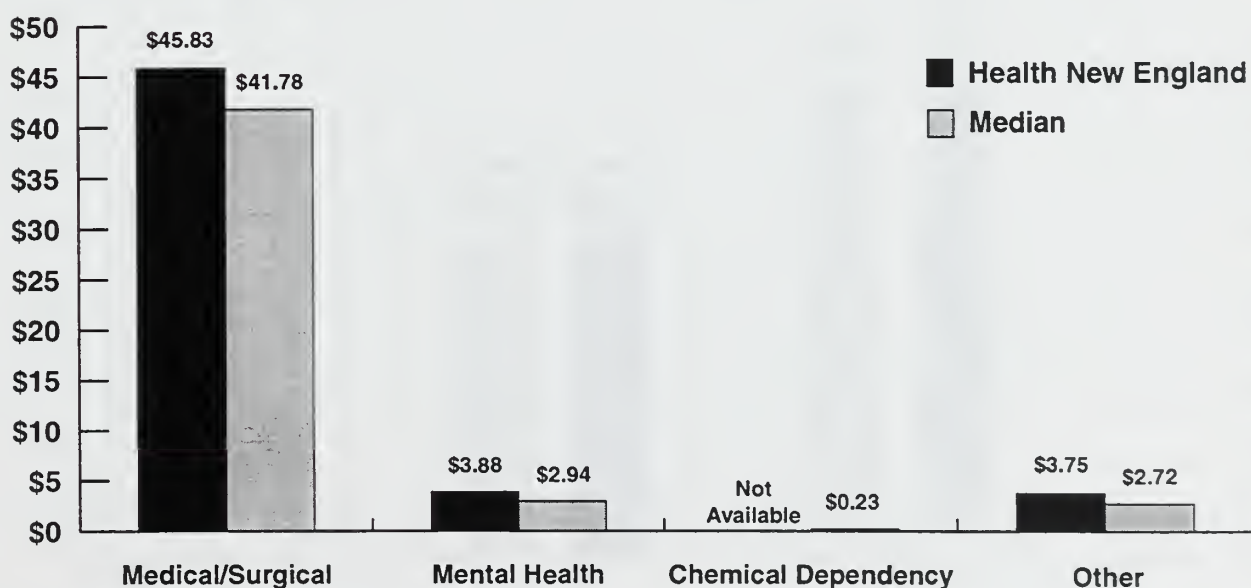
Other Hospital Outpatient Medical Expenses PMPM



Professional Visit Expenses PMPM

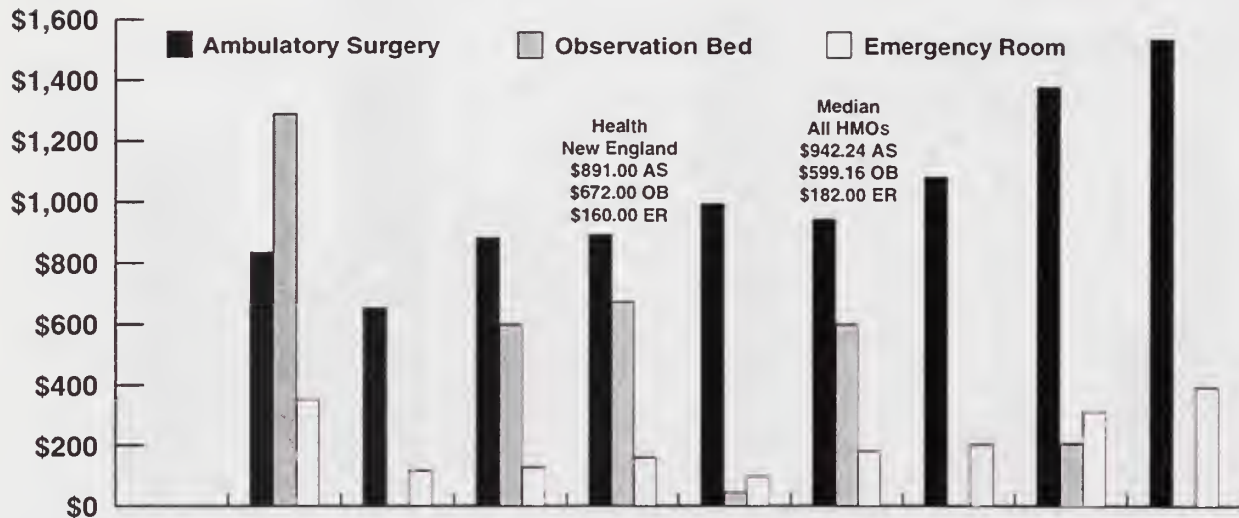


Components of Professional Visit Expenses



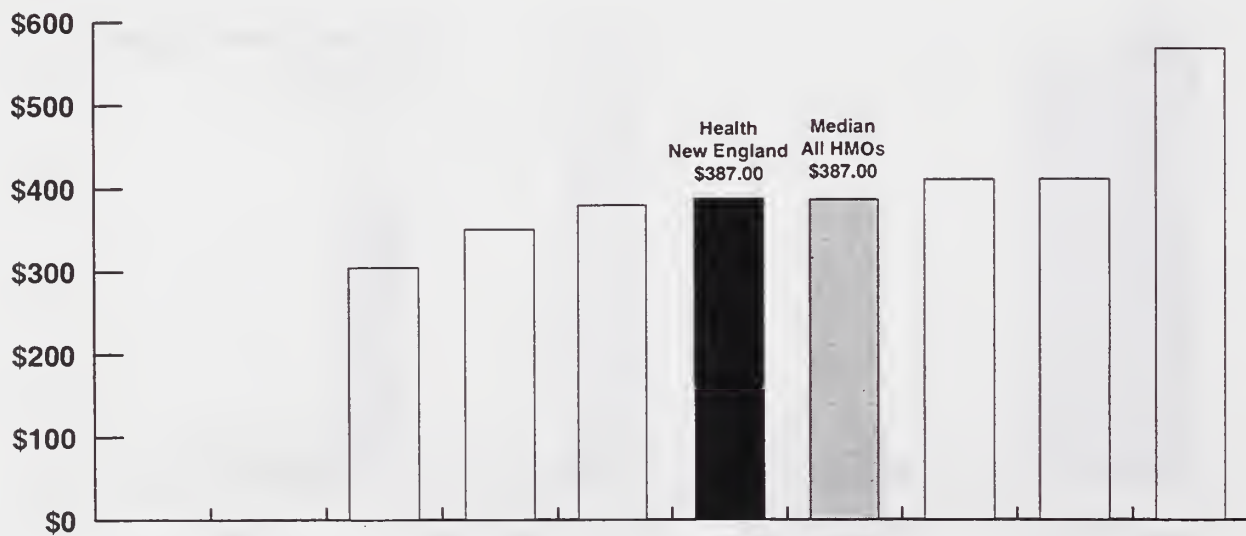
Note: Health New England included physician diagnostic tests in Other.

Ambulatory Cost Per Encounter



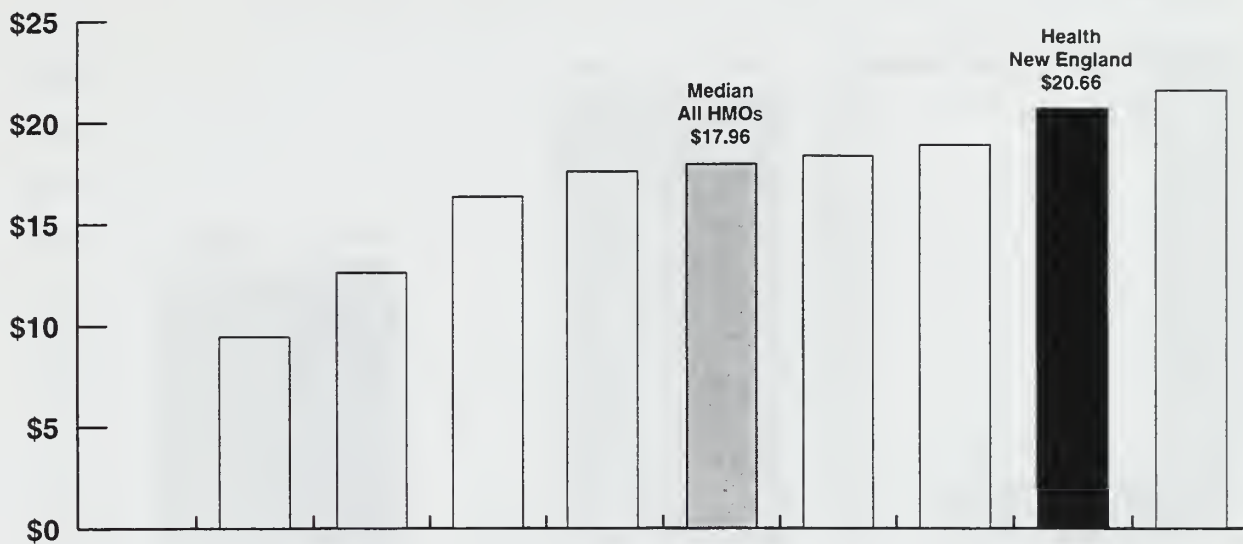
Note: Four plans are missing some or all data.

Skilled Nursing Facility Cost Per Day



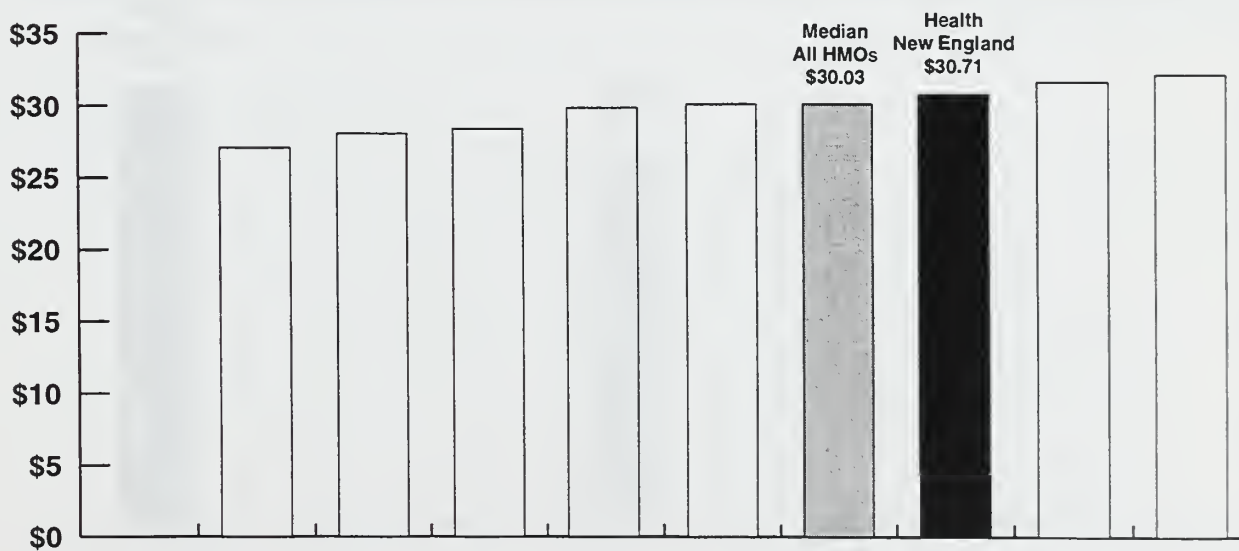
Note: Two plans are missing data.

Pharmacy Expense PMPM



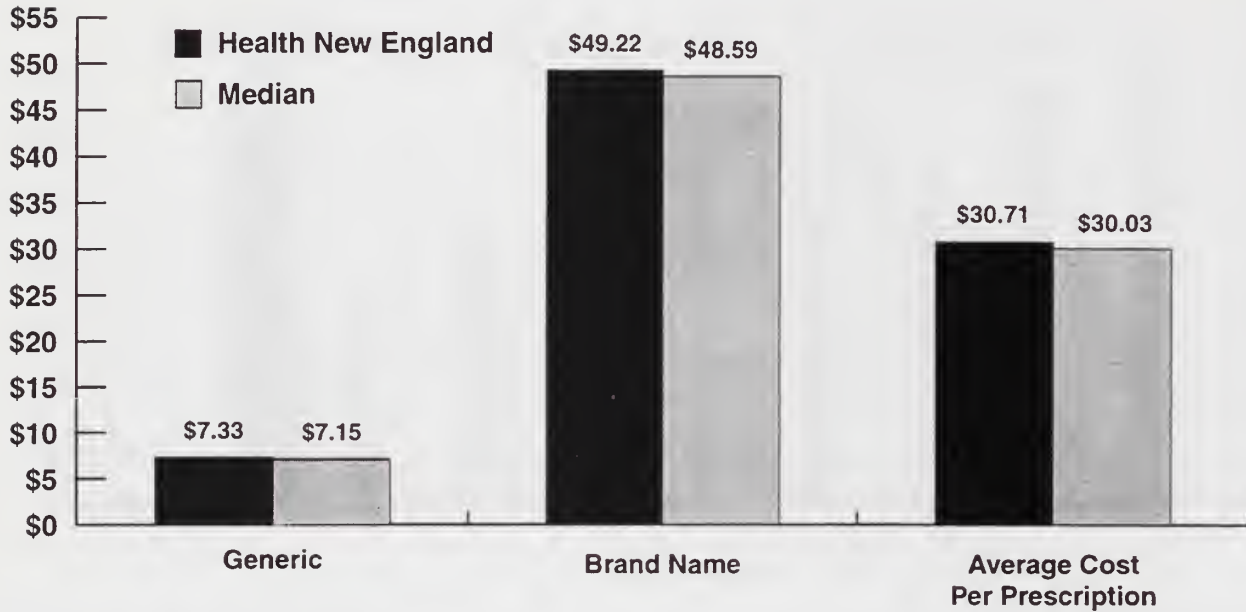
Note: One plan is missing data.

Average Cost Per Prescription

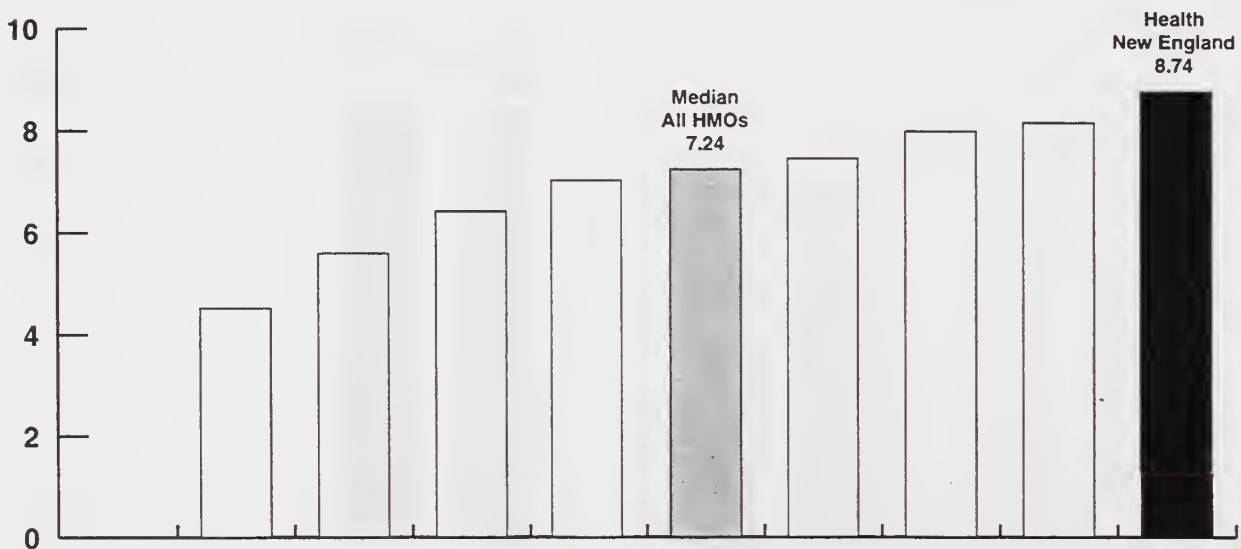


Note: One plan is missing data.

Components of Prescription Costs

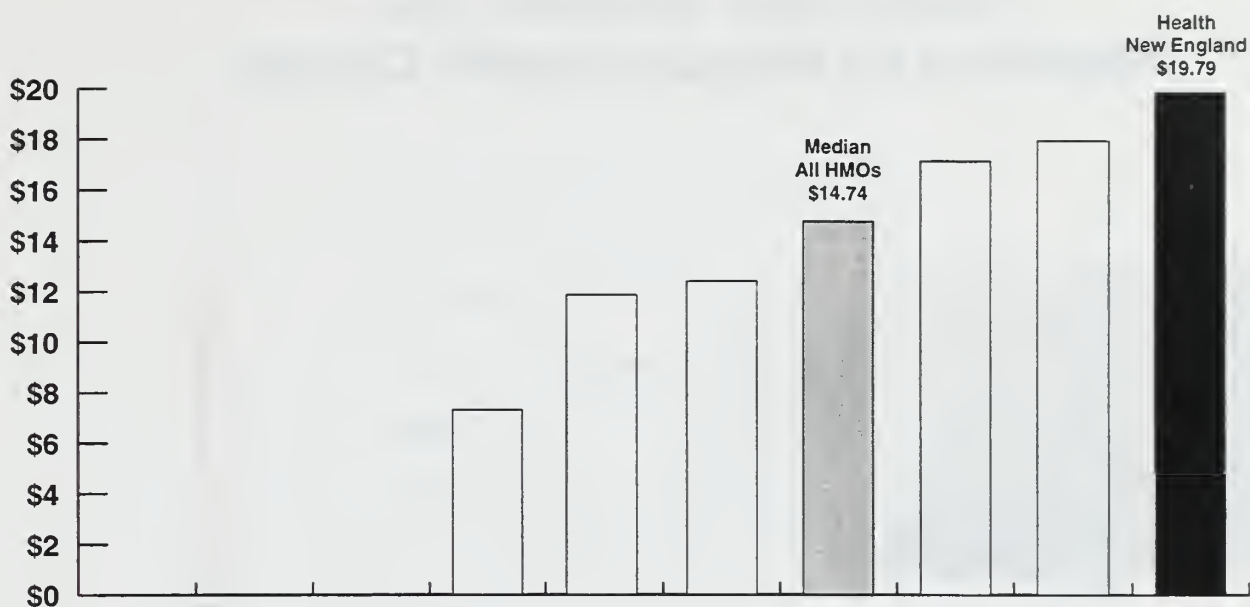


Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

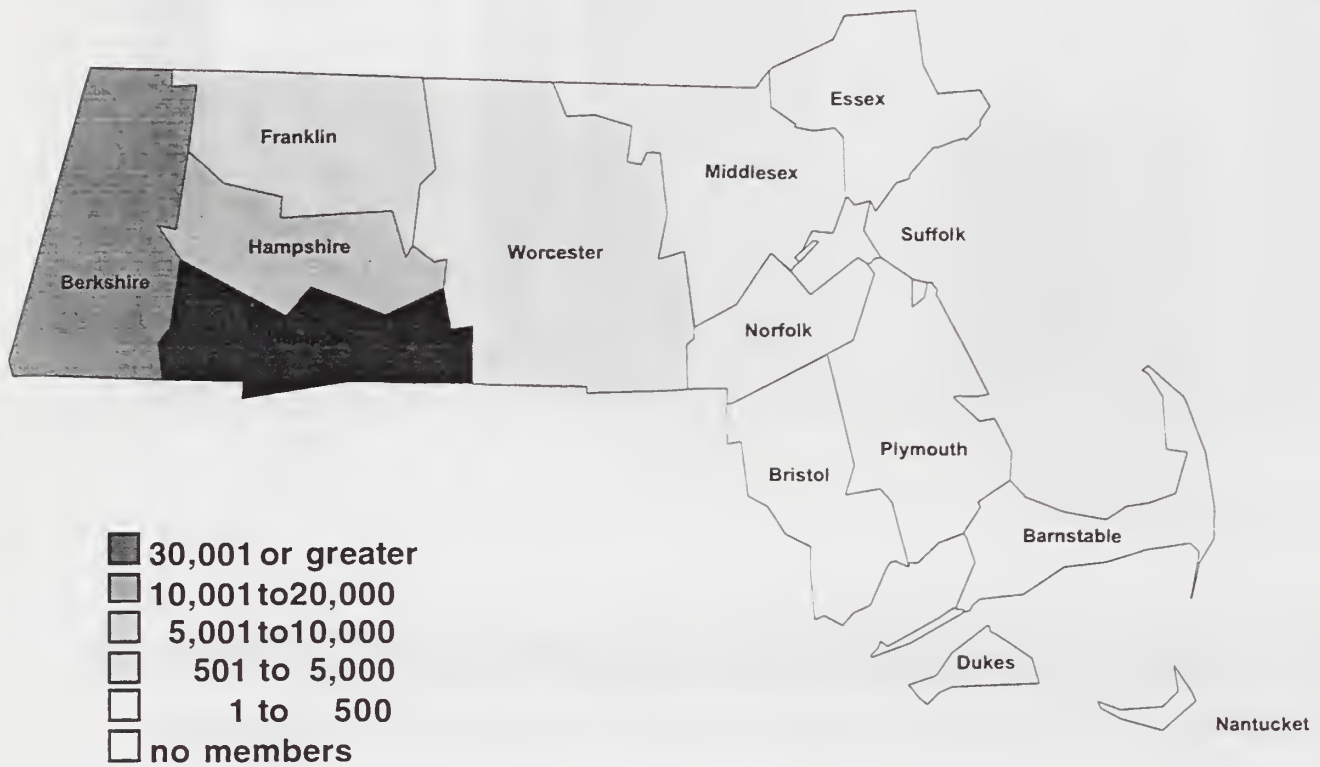
Non-Medical Expenses PMPM



Note: Three plans are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

Health New England, Inc. Members by Massachusetts County

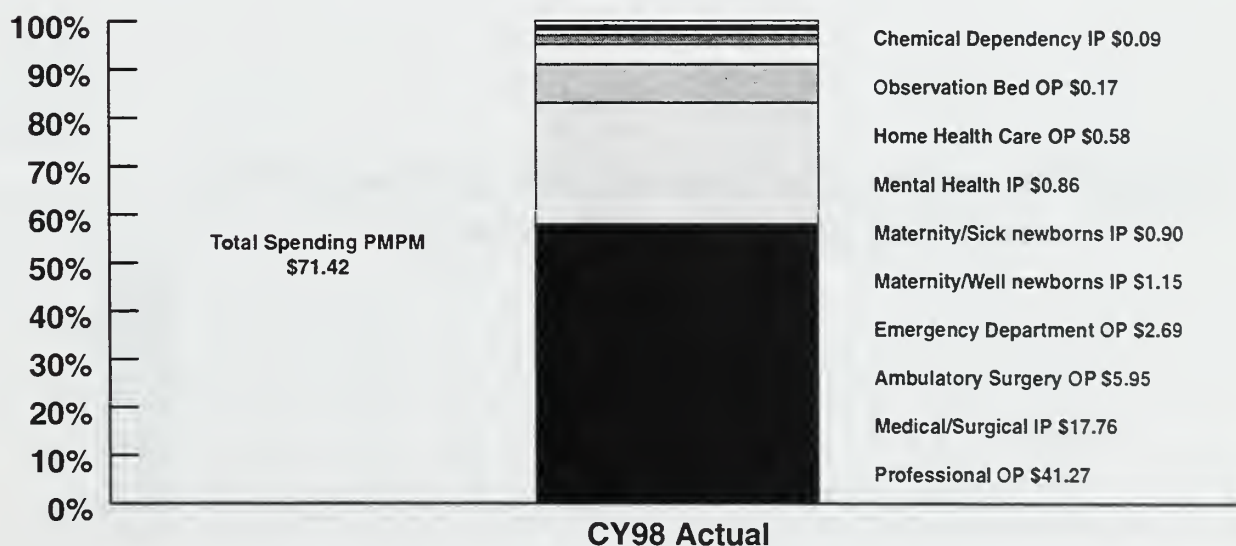


Kaiser Permanente Northeast Division Health Plan
150 Lower Westfield Road, Holyoke, MA 01040
(413) 493-8100

*Total Members:	34,656
1998 Revenue:	not available
1998 Net Income:	not available
Participating Physicians in Massachusetts:	not available
Participating Hospitals in Massachusetts:	not available
Areas Served in Massachusetts:	Western

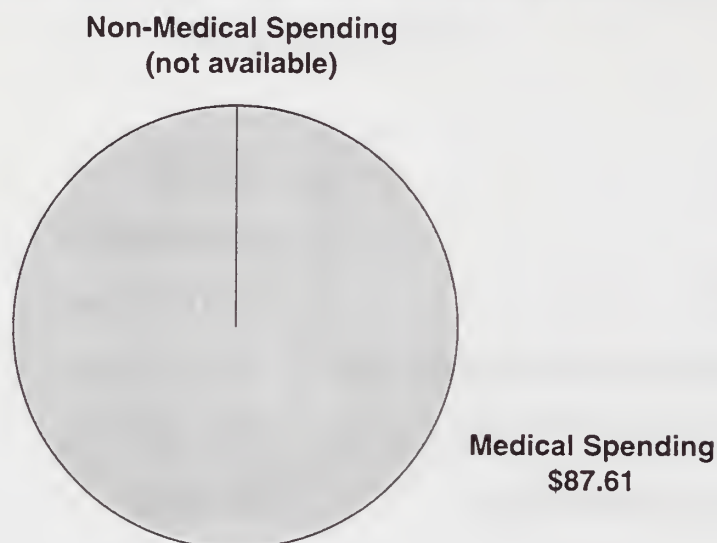
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

Kaiser Medical Spending Percentage



Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Kaiser is missing non-medical expense information. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending



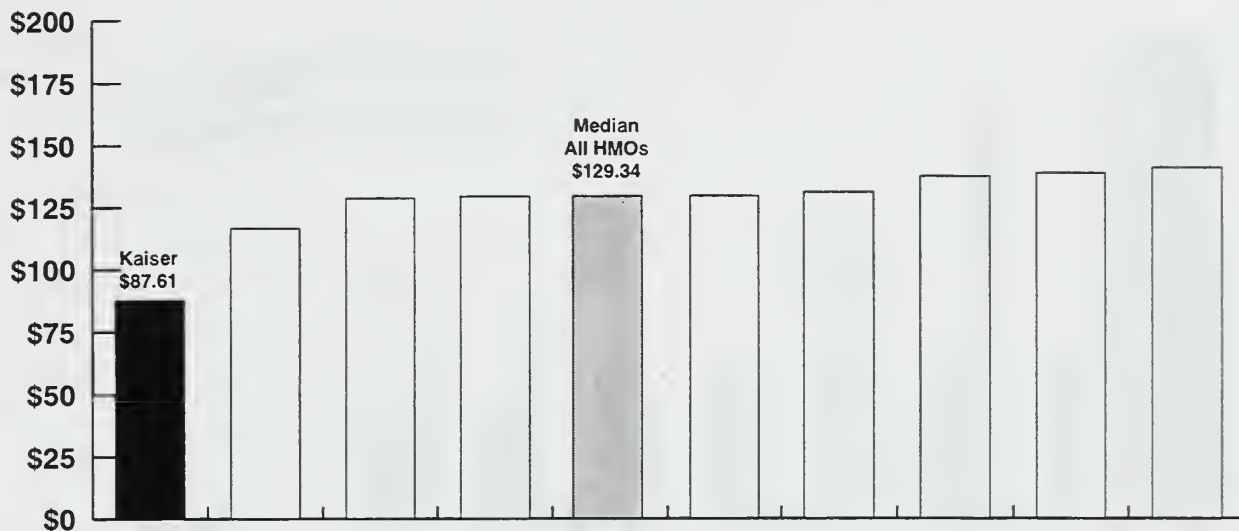
Note: Kaiser is missing data for non-medical expenses.

Total Per Member Per Month Medical and Non-Medical Expenses

**Kaiser Permanente Northeast Division Health Plan
is missing expense information.**

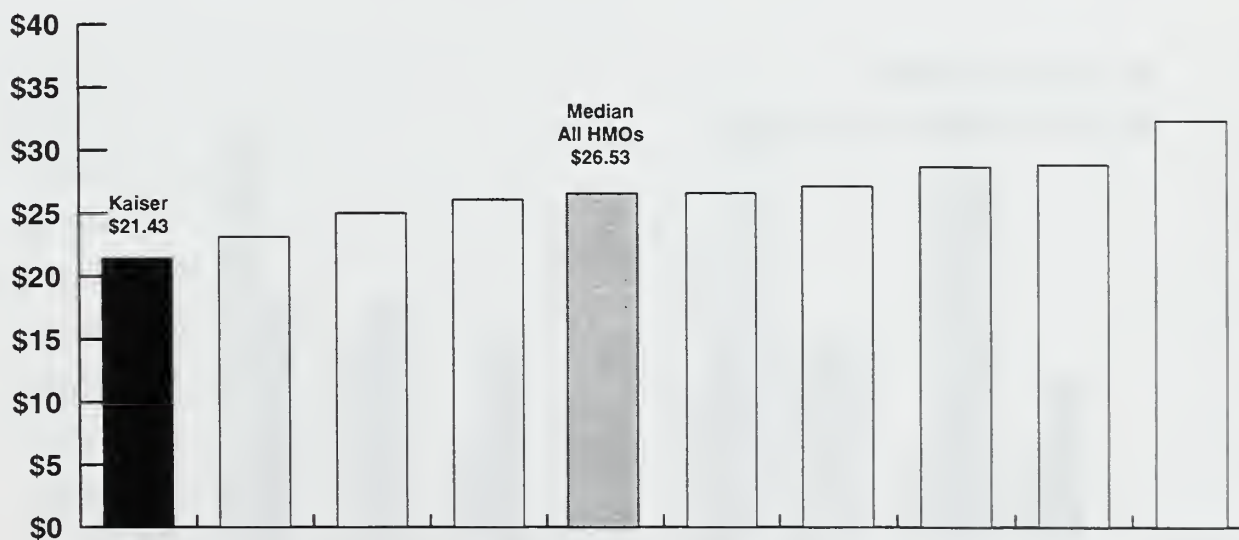
Note: Three plans including Kaiser are missing data.

Medical Expenses PMPM

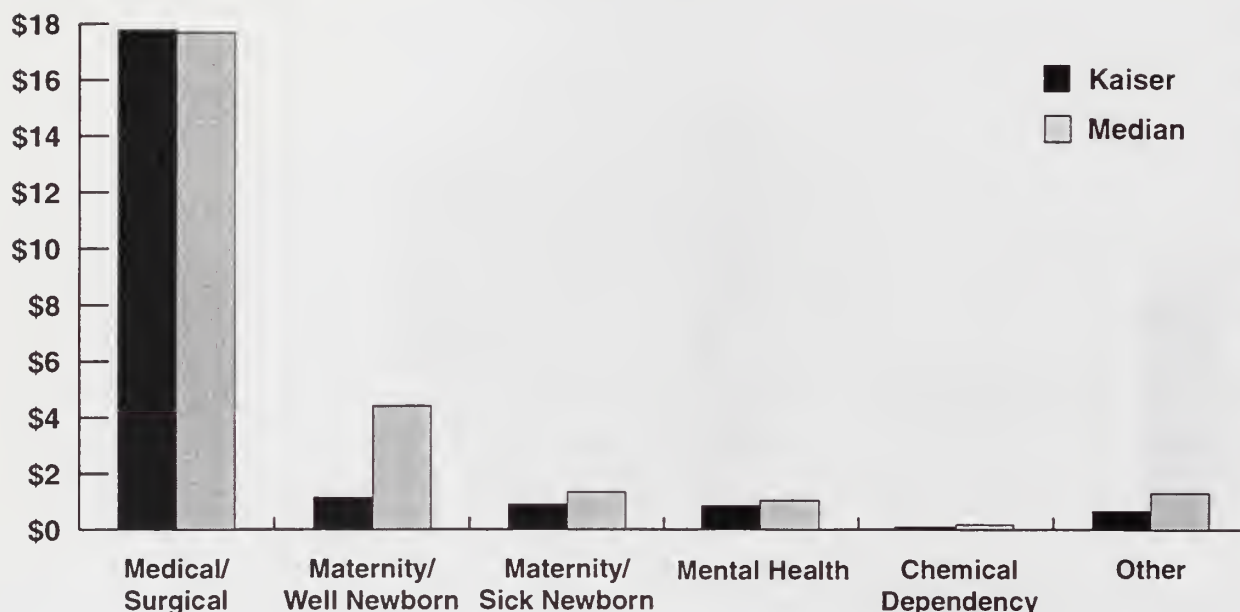


Note: Kaiser is missing data for pharmacy costs and other professional costs.

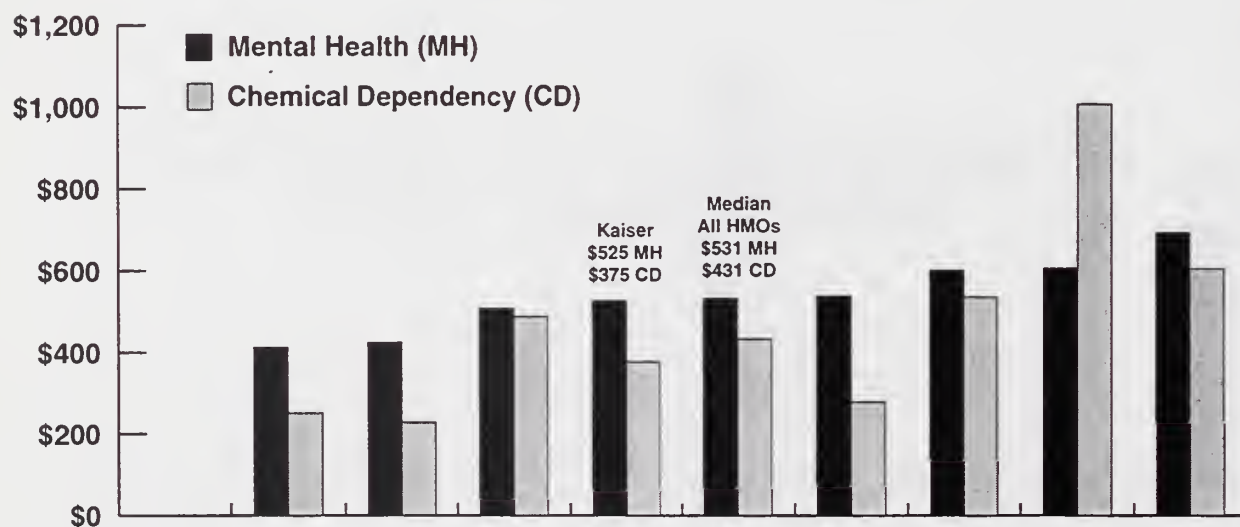
Inpatient Expenses PMPM



Components of Inpatient Medical Expenses PMPM

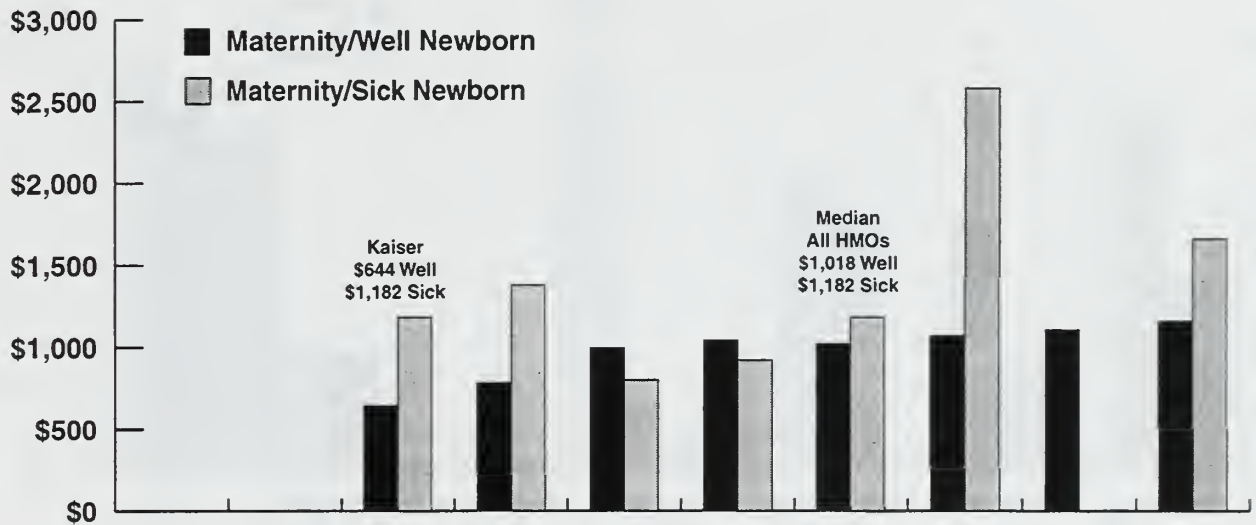


Inpatient Mental Health and Chemical Dependency Costs Per Day



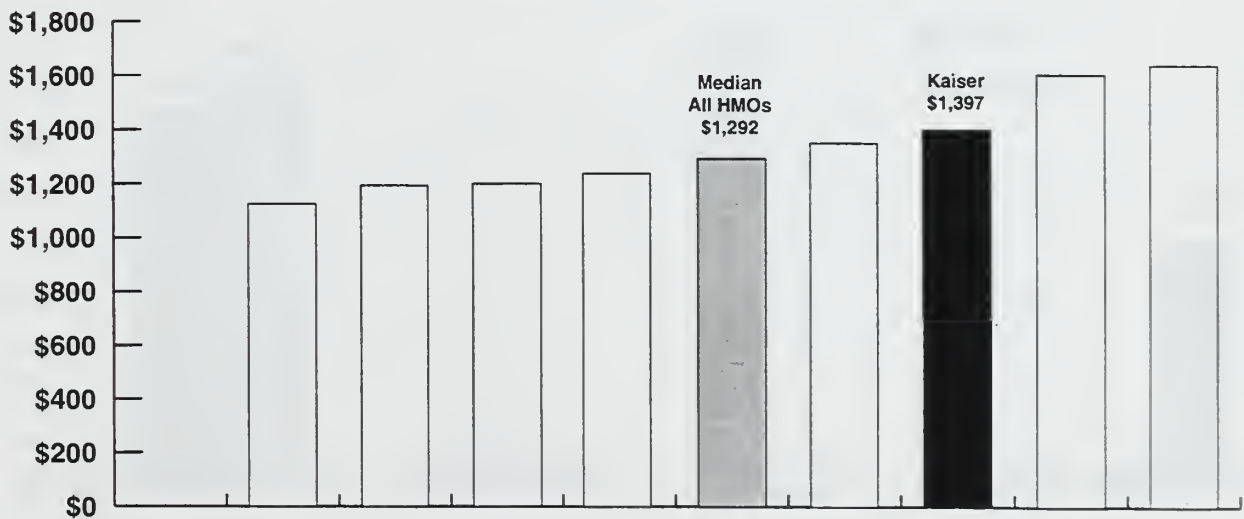
Note: One plan is missing data.

Maternity Inpatient Costs Per Day



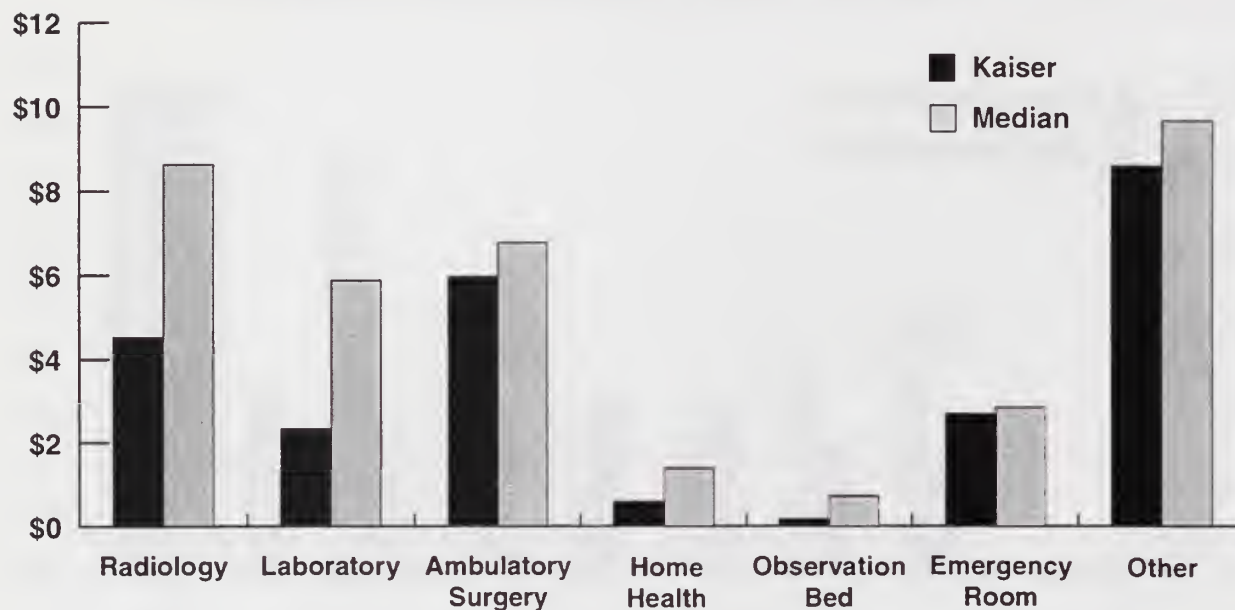
Note: Three plans are missing some or all data.

Medical/Surgical Inpatient Costs Per Day

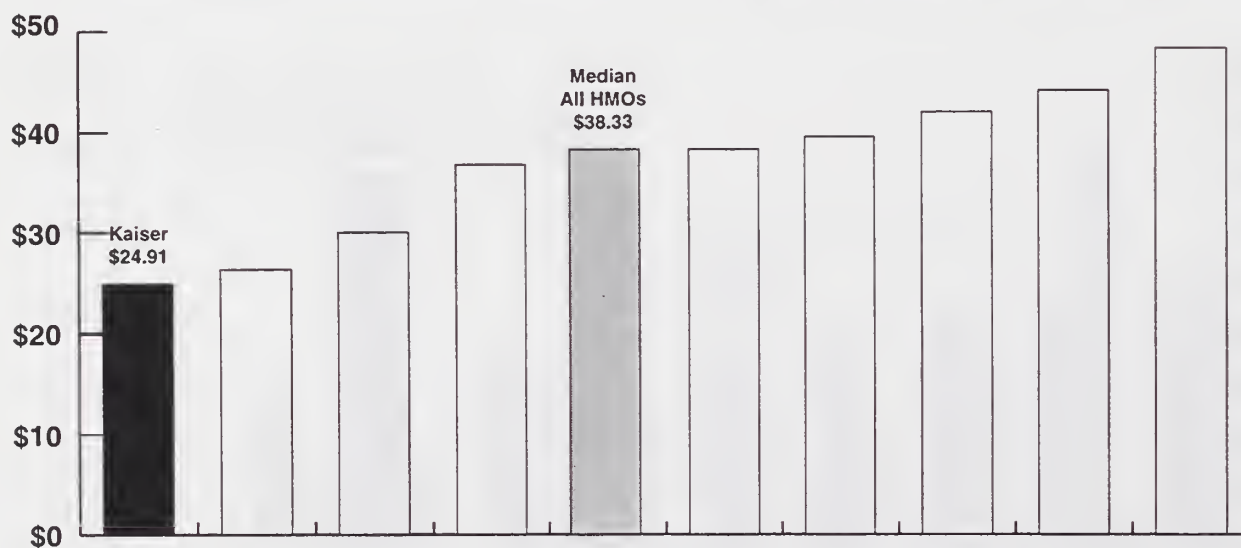


Note: One plan is missing data.

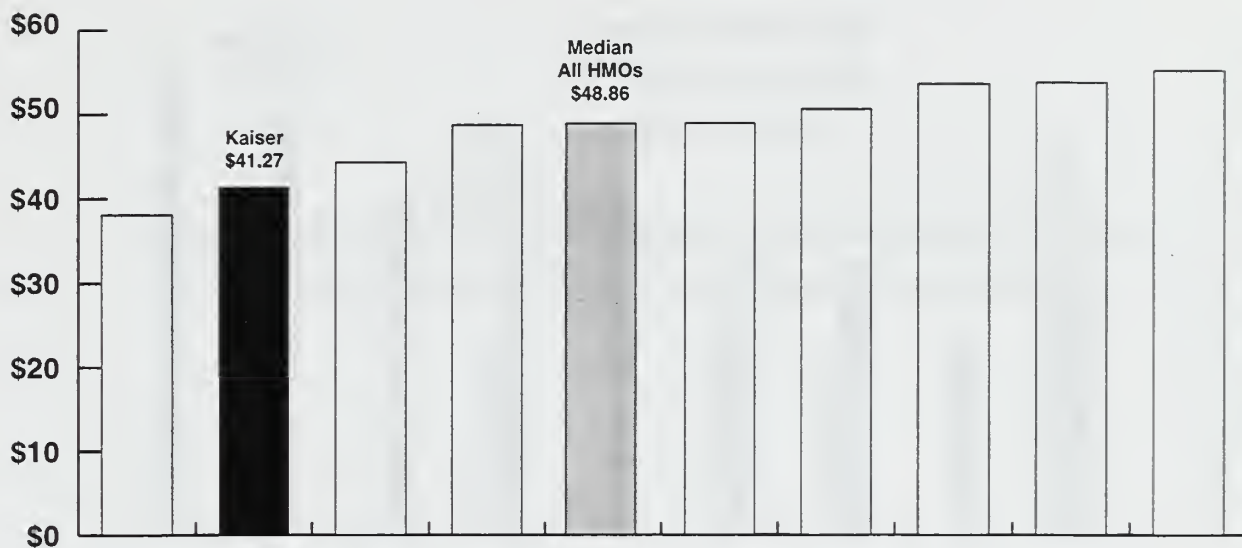
Components of Hospital Outpatient Medical Expenses



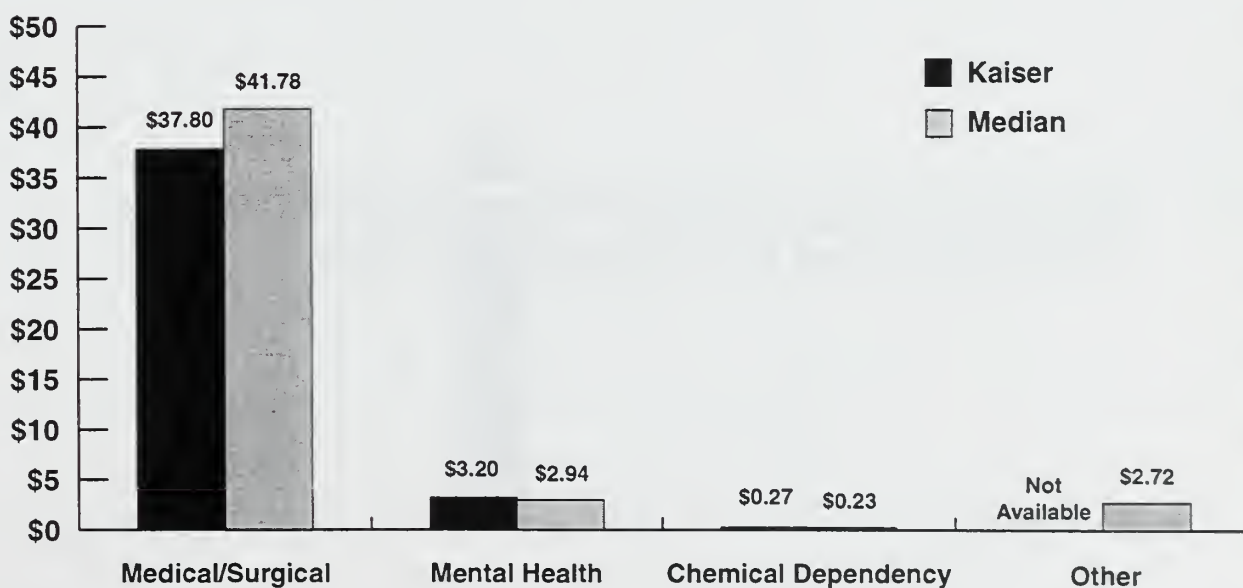
Other Hospital Outpatient Medical Expenses PMPM



Professional Visit Expenses PMPM

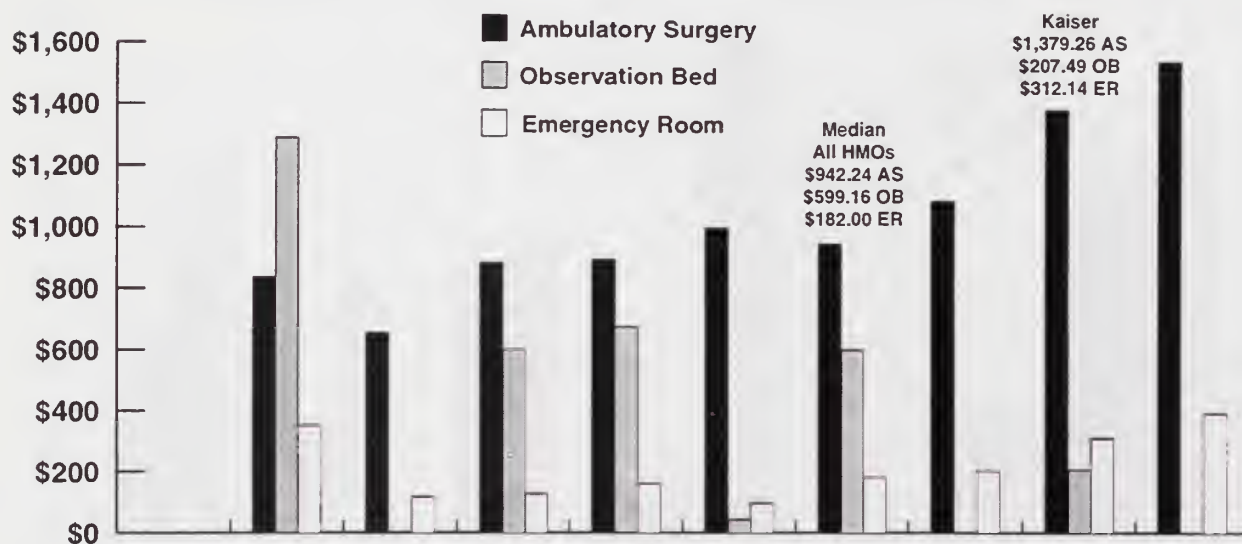


Components of Professional Visit Expenses



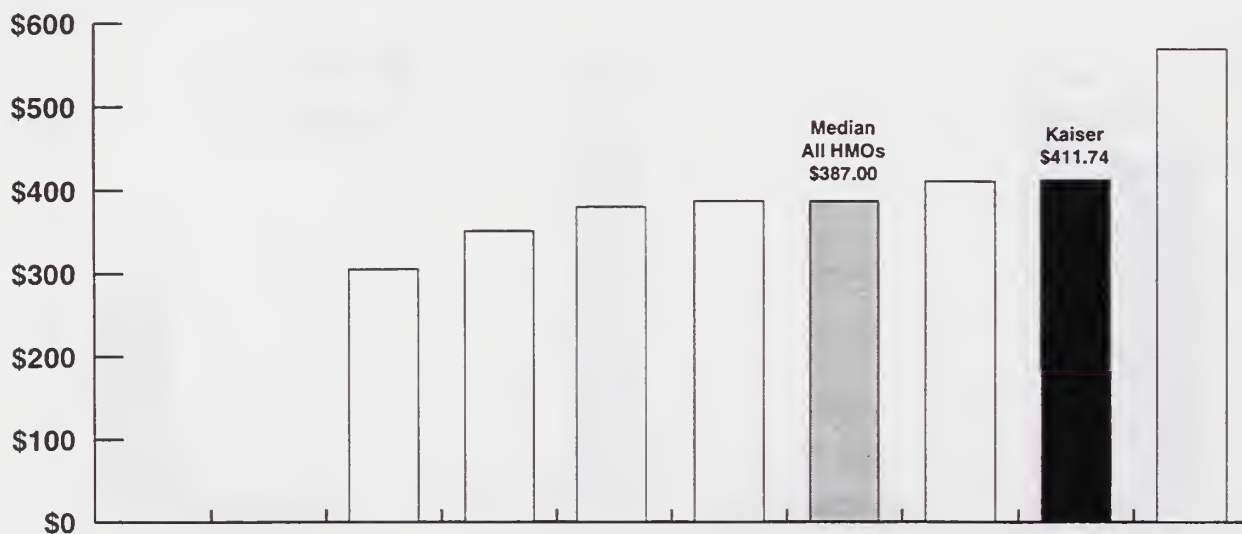
Note: Kaiser is missing data for Other.

Ambulatory Cost Per Encounter



Note: Four plans are missing some or all data.

Skilled Nursing Facility Cost Per Day



Note: Two plans are missing data.

Pharmacy Expense PMPM

**Kaiser Permanente Northeast Division Health Plan
is missing data for Pharmacy Expenses PMPM.**

Note: One plan is missing data.

Average Cost Per Prescription

**Kaiser Permanente Northeast Division Health Plan
is missing data for Average Cost Per Prescription.**

Note: One plan is missing data.

Components of Prescription Costs

**Kaiser Permanente Northeast Division Health Plan
is missing data for Components of Prescription Costs.**

Number of Prescriptions Per Member Per Year

**Kaiser Permanente Northeast Division Health Plan
is missing data for Number of Prescriptions PMPM.**

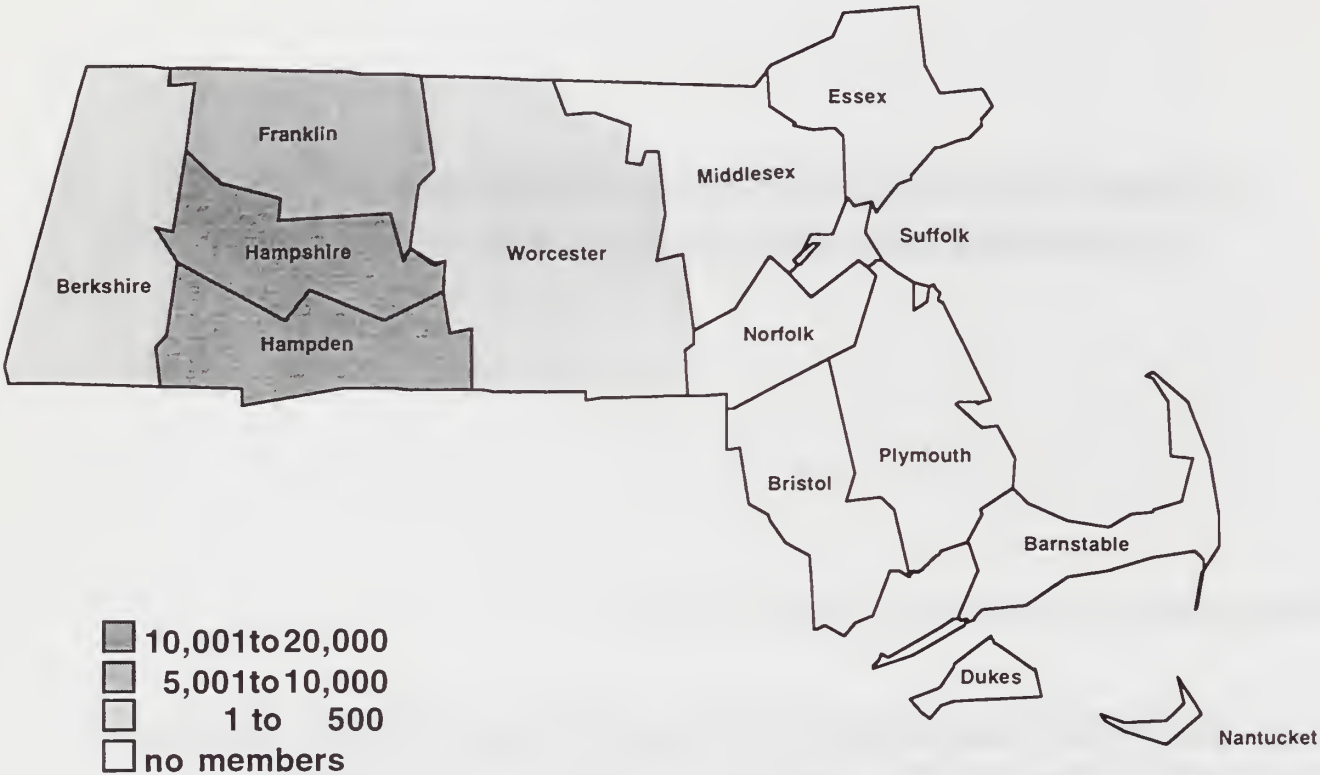
Non-Medical Expenses PMPM

**Kaiser Permanente Northeast Division Health Plan
is missing data for Non-Medical Expenses.**

Note: Three plans including Kaiser Permanente Community Health Plan are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

Kaiser Permanente Northeast Division Health Plan Members by Massachusetts County

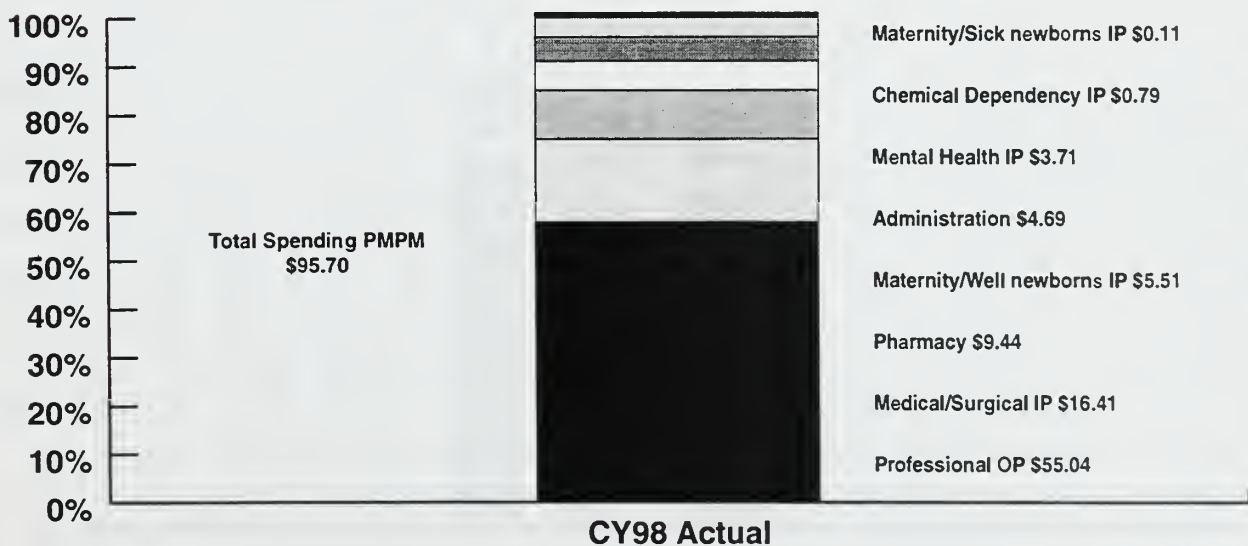


One Health Plan of Massachusetts, Inc.
29 Sawyer Road, Waltham, MA 02154
(800) 725-0748

*Total Members:	2,868
1998 Revenue:	\$7,530,631
1998 Net Income:	\$106,039
Participating Physicians in Massachusetts:	9,560
Participating Hospitals in Massachusetts:	70
Areas Served in Massachusetts:	All counties except Berkshire

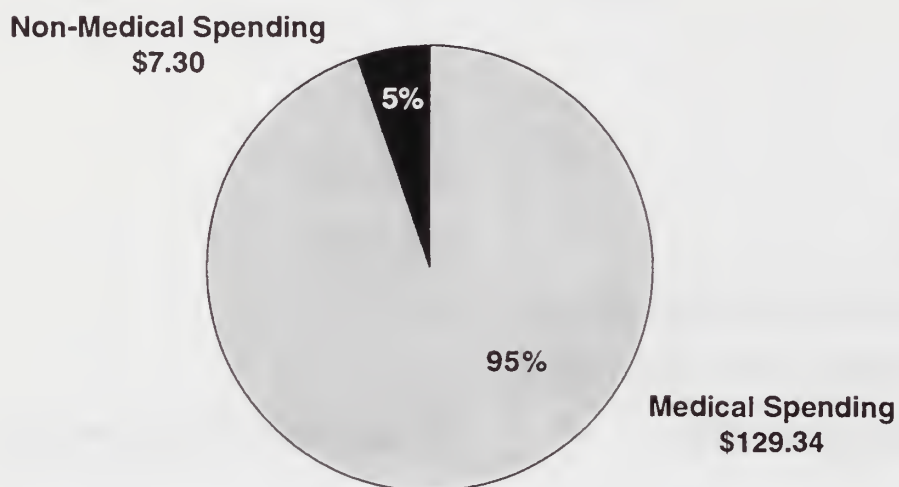
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

One Health Plan Total PMPM
Spending by Component



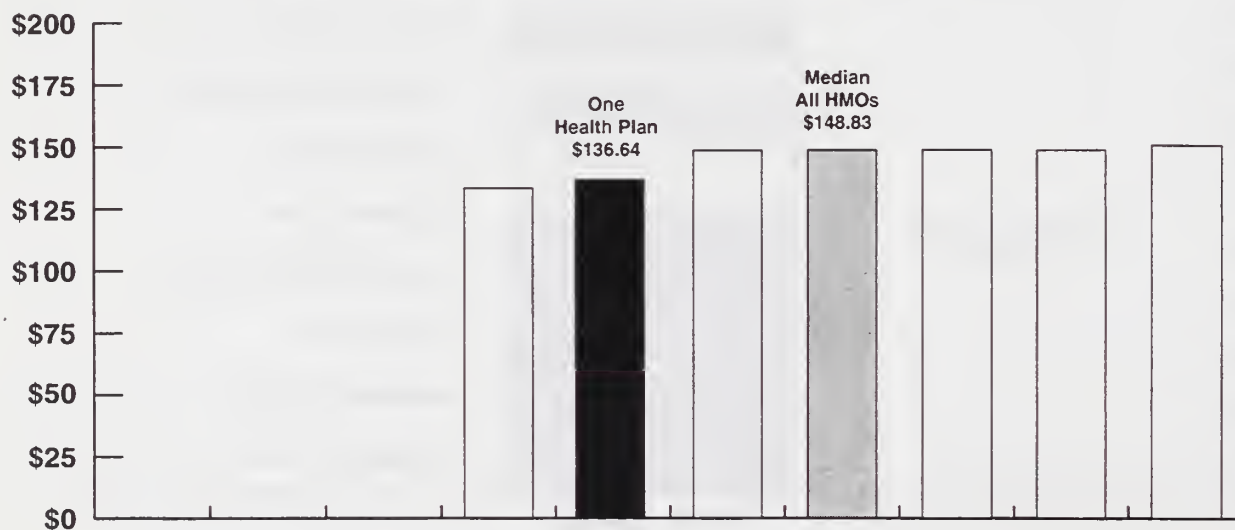
Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Administrative costs for One Health Plan reflect only functions performed by the local office and excludes costs such as claims adjudication, marketing, etc. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending



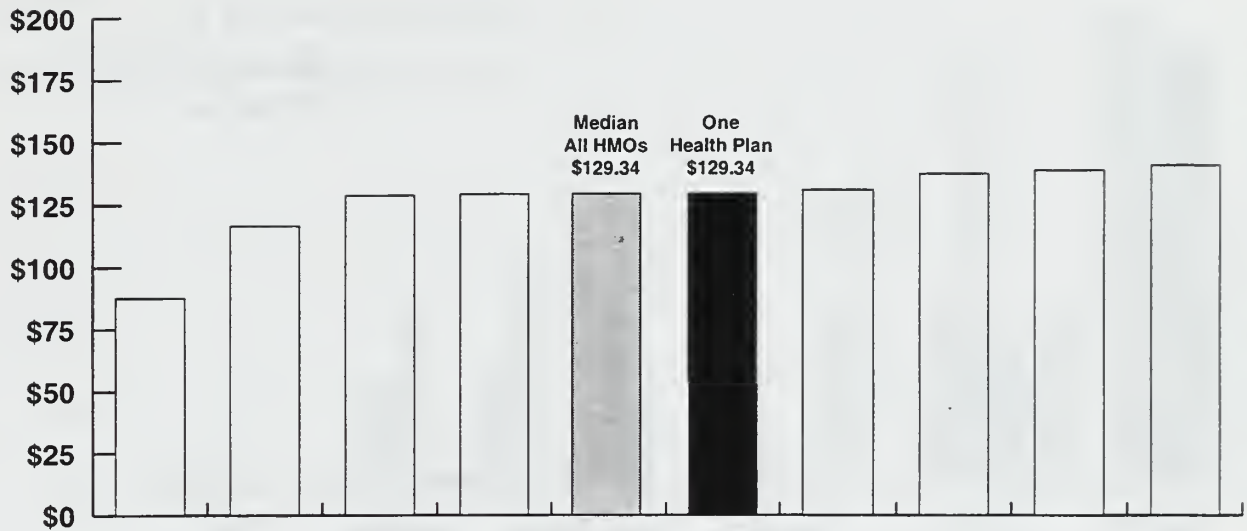
Note: Administrative costs for One Health Plan reflect only functions performed by the local office and excludes costs such as claims adjudication, marketing, etc.

Total Per Member Per Month Medical and Non-Medical Expenses

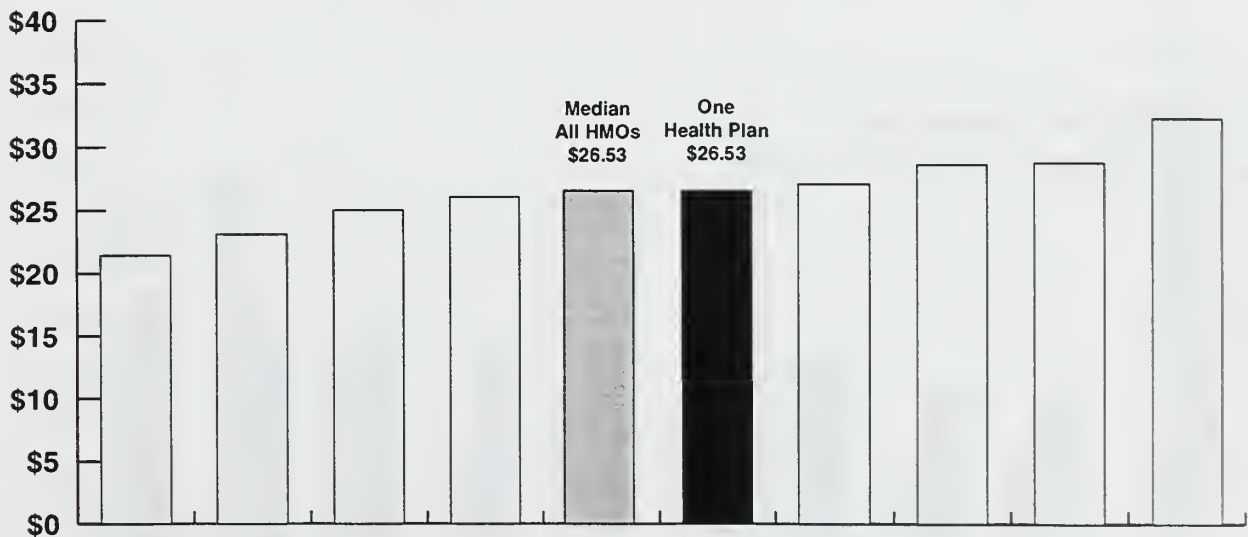


Note: Three plans are missing data. Administrative costs for One Health Plan reflect only functions performed by the local office and excludes costs such as claims adjudication, marketing, etc.

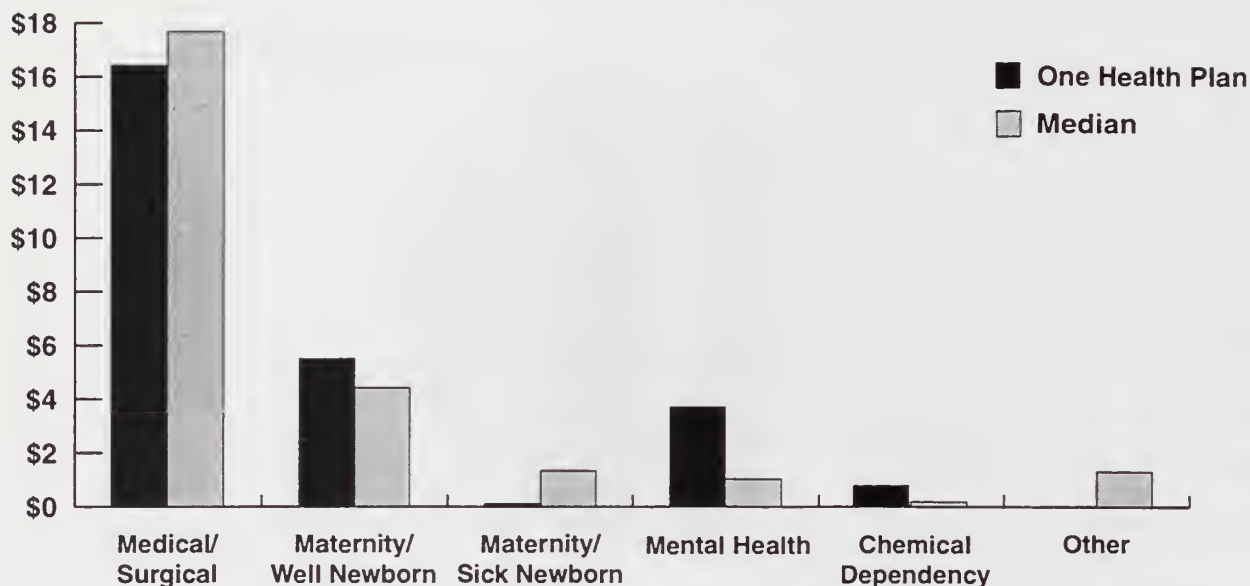
Medical Expenses PMPM



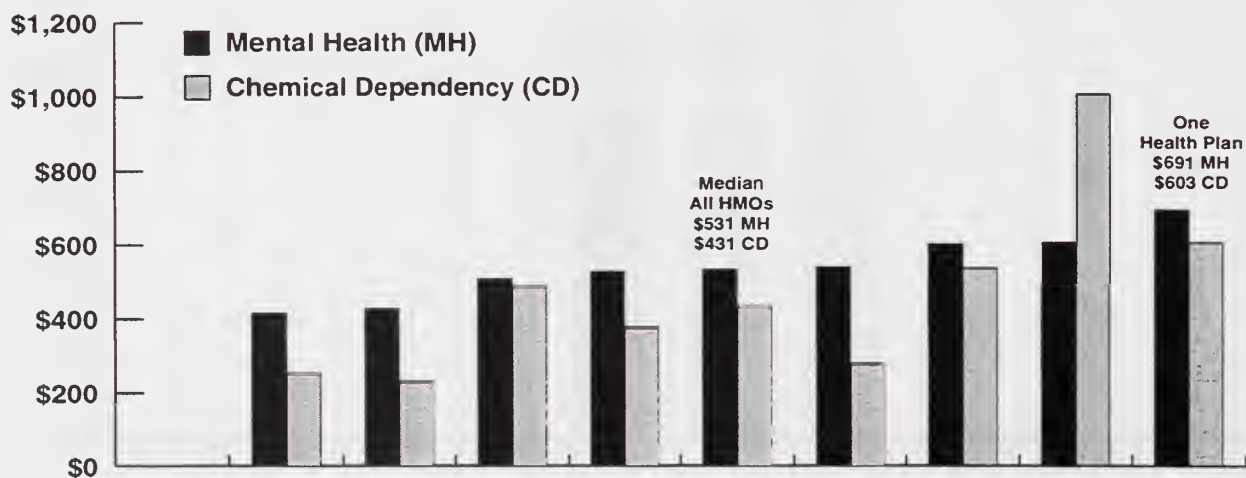
Inpatient Expenses PMPM



Components of Inpatient Medical Expenses PMPM

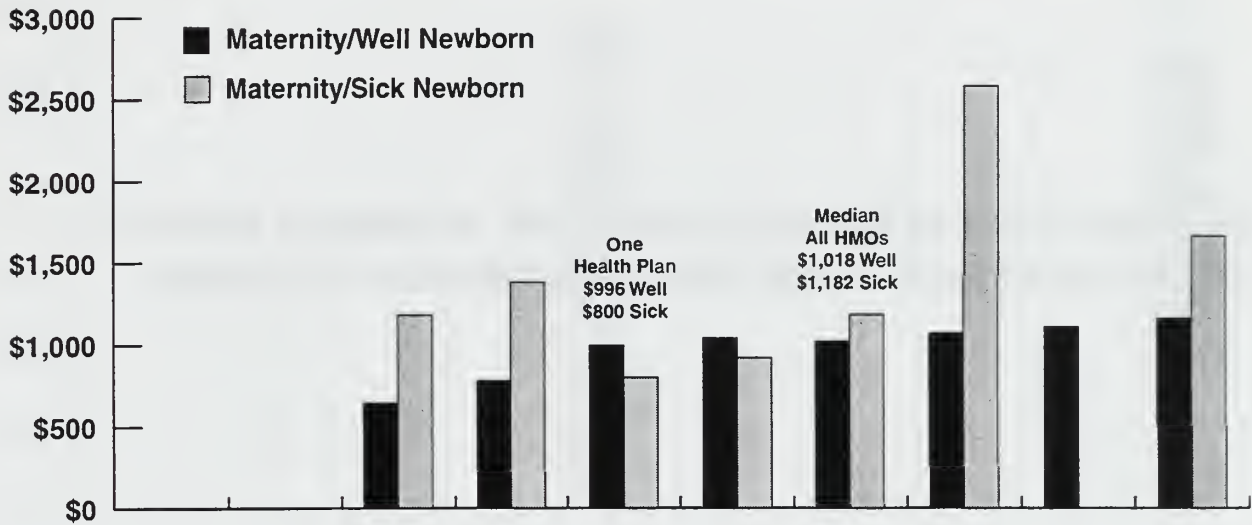


Inpatient Mental Health and Chemical Dependency Costs Per Day



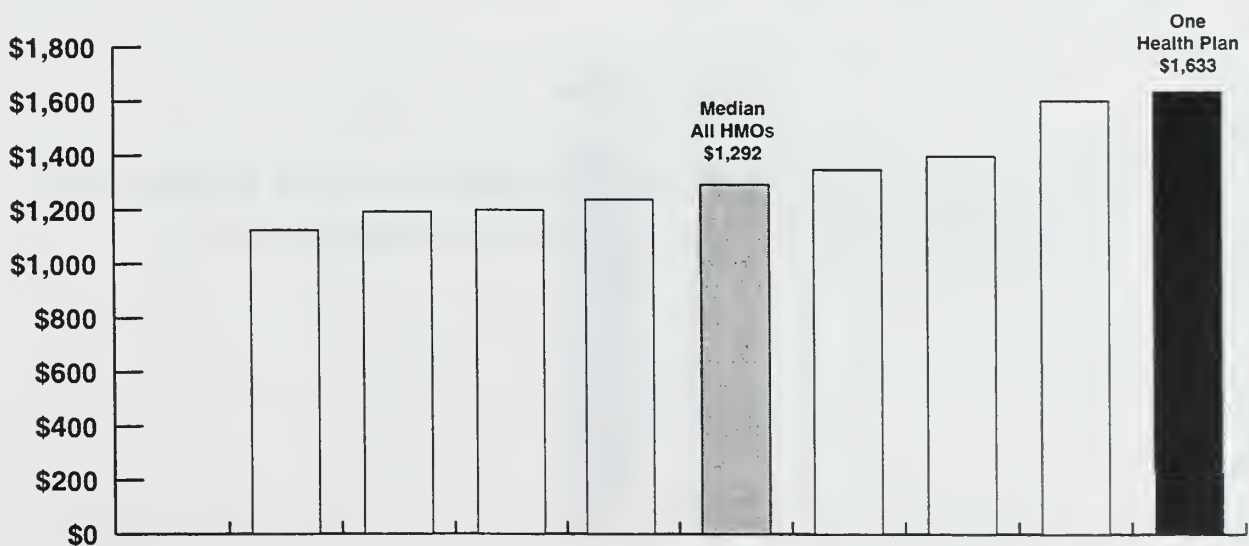
Note: One plan is missing data. These data are based on One Health Plan's grouping of codes.

Maternity Inpatient Costs Per Day



Note: Three plans are missing some or all data. One Health Plan's data are based on grouping of codes.

Medical/Surgical Inpatient Costs Per Day

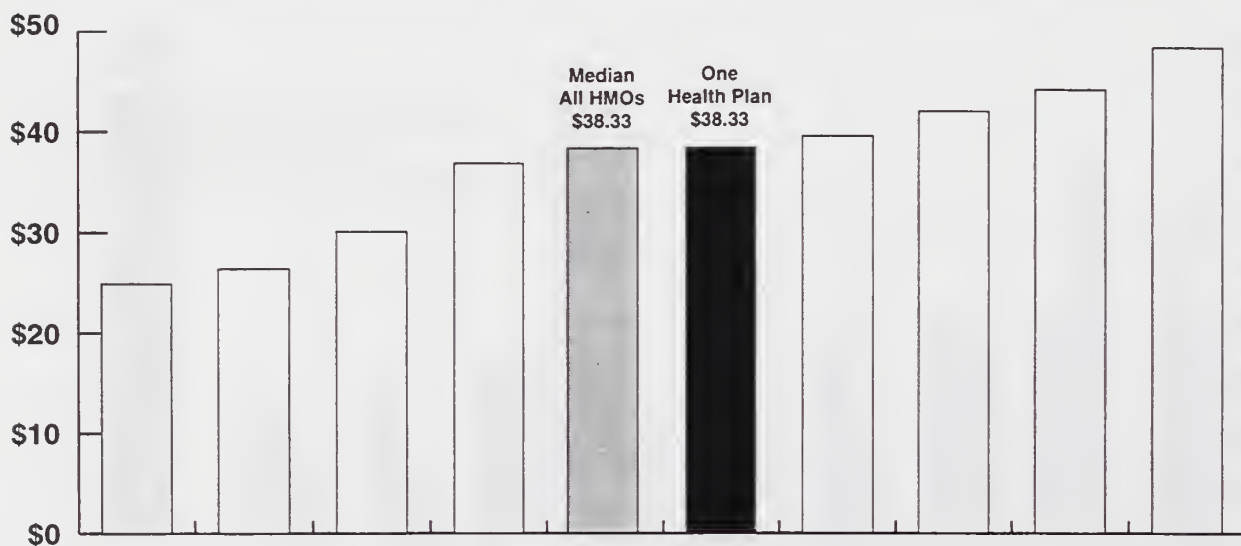


Note: One plan is missing data.

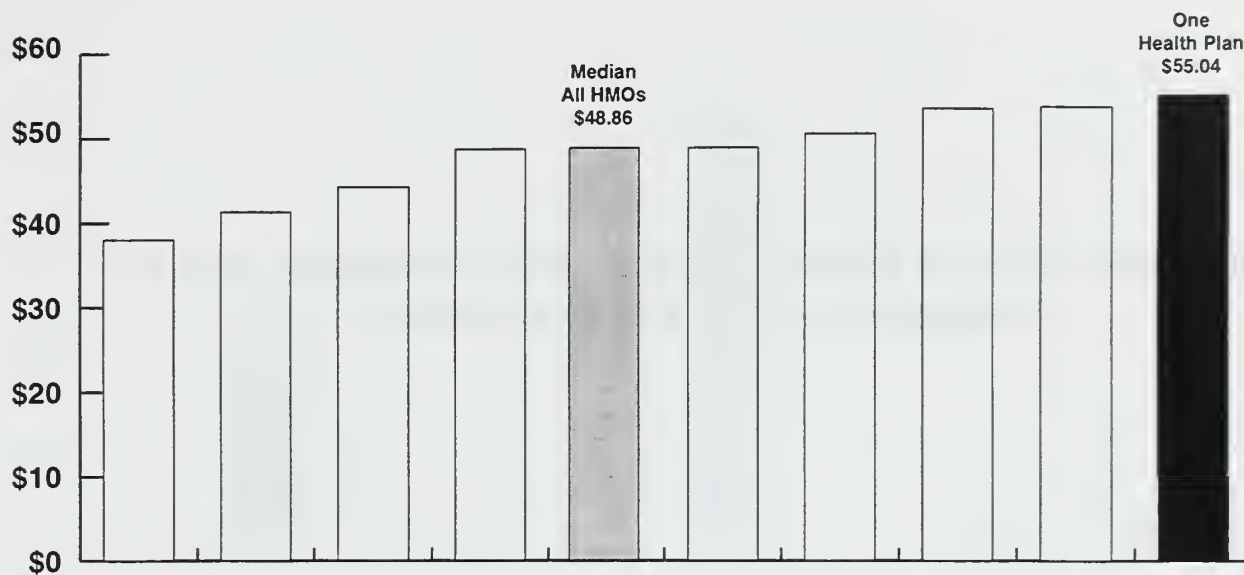
Components of Hospital Outpatient Medical Expenses

One Health Plan of Massachusetts, Inc. is missing data for
Components of Hospital Outpatient Medical Expenses.

Other Hospital Outpatient Medical Expenses PMPM



Professional Visit Expenses PMPM



Components of Professional Visit Expenses

One Health Plan of Massachusetts, Inc. is missing data for Components of Professional Visit Expenses.

Ambulatory Cost Per Encounter

**One Health Plan of Massachusetts, Inc. is missing data for
Ambulatory Cost Per Encounter.**

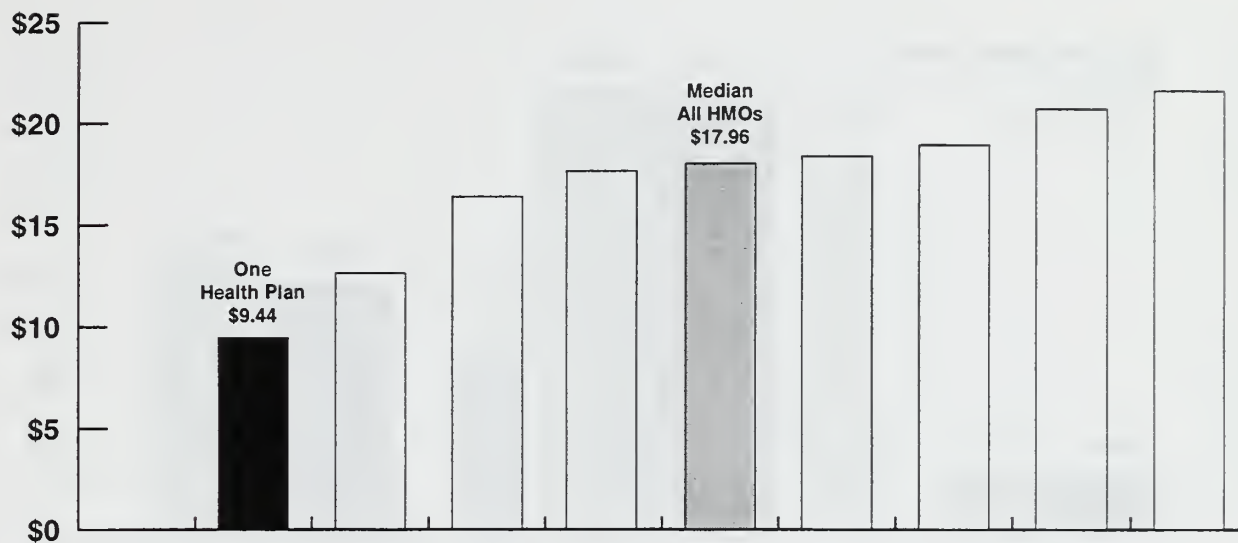
Note: Four plans including One Health Plan are missing some or all data for Ambulatory Cost Per Encounter.

Skilled Nursing Facility Cost Per Day

**One Health Plan of Massachusetts, Inc. is missing data for
Skilled Nursing Facility Cost Per Day.**

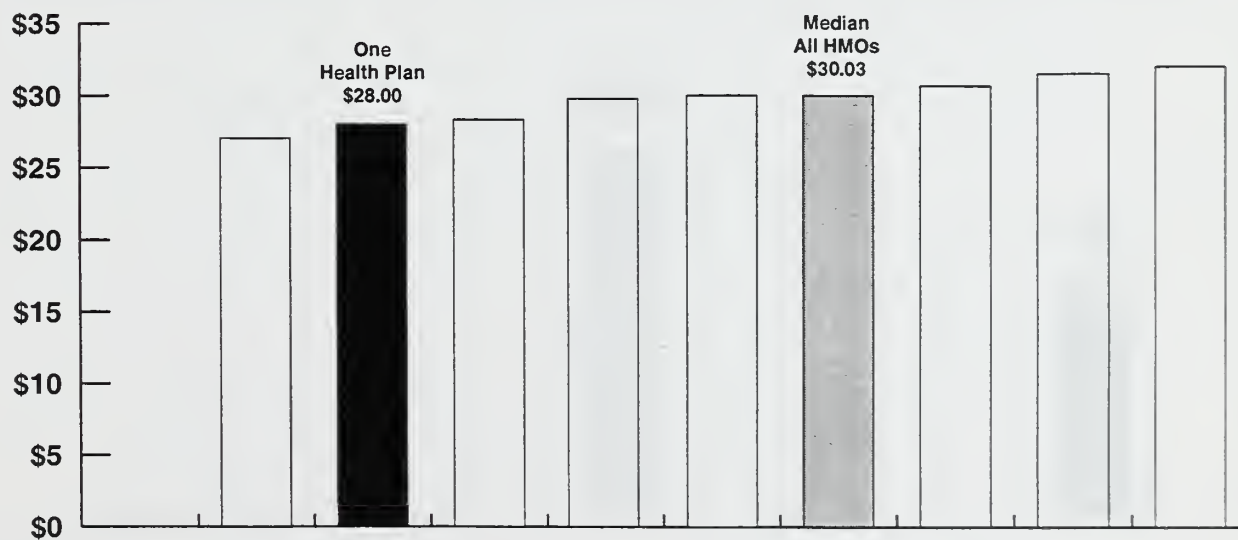
Note: Two plans including One Health Plan are missing data.

Pharmacy Expense PMPM



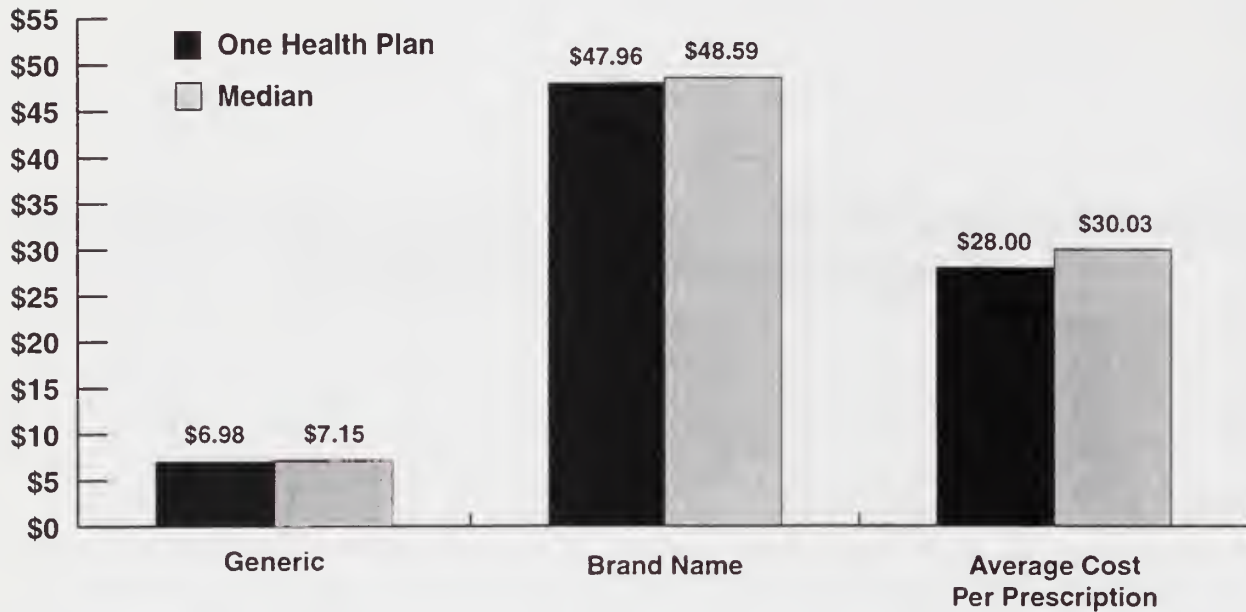
Note: One plan is missing data.

Average Cost Per Prescription

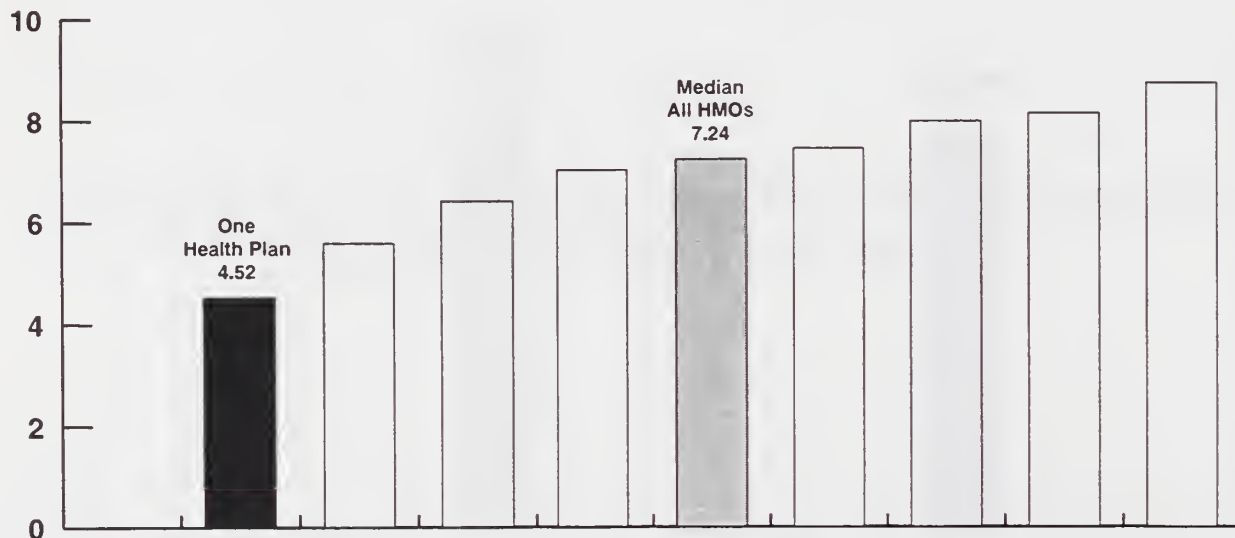


Note: One plan is missing data.

Components of Prescription Costs

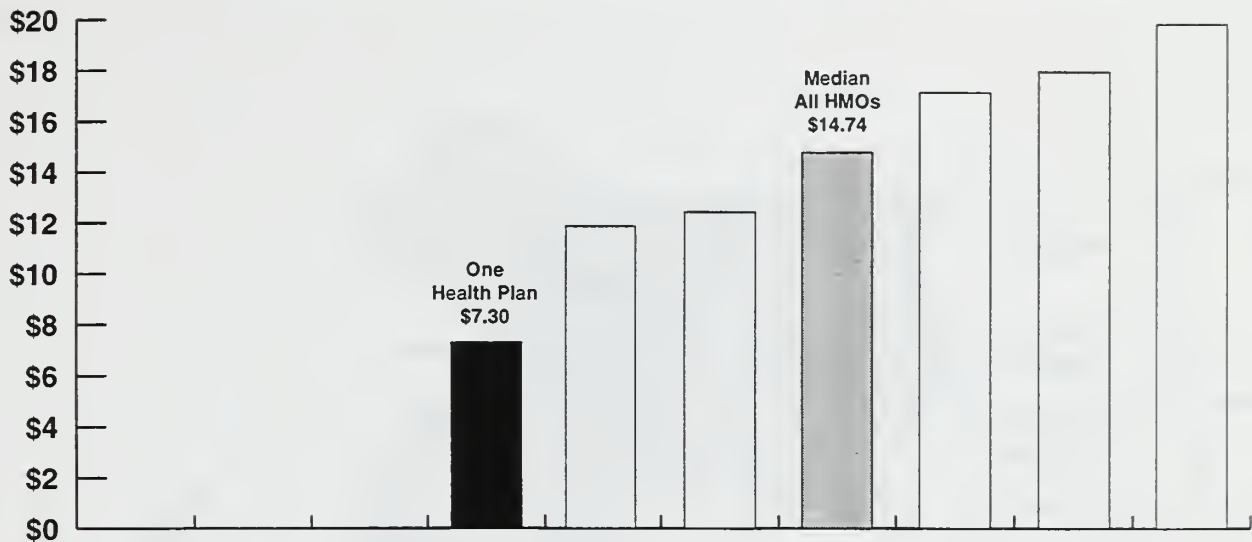


Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

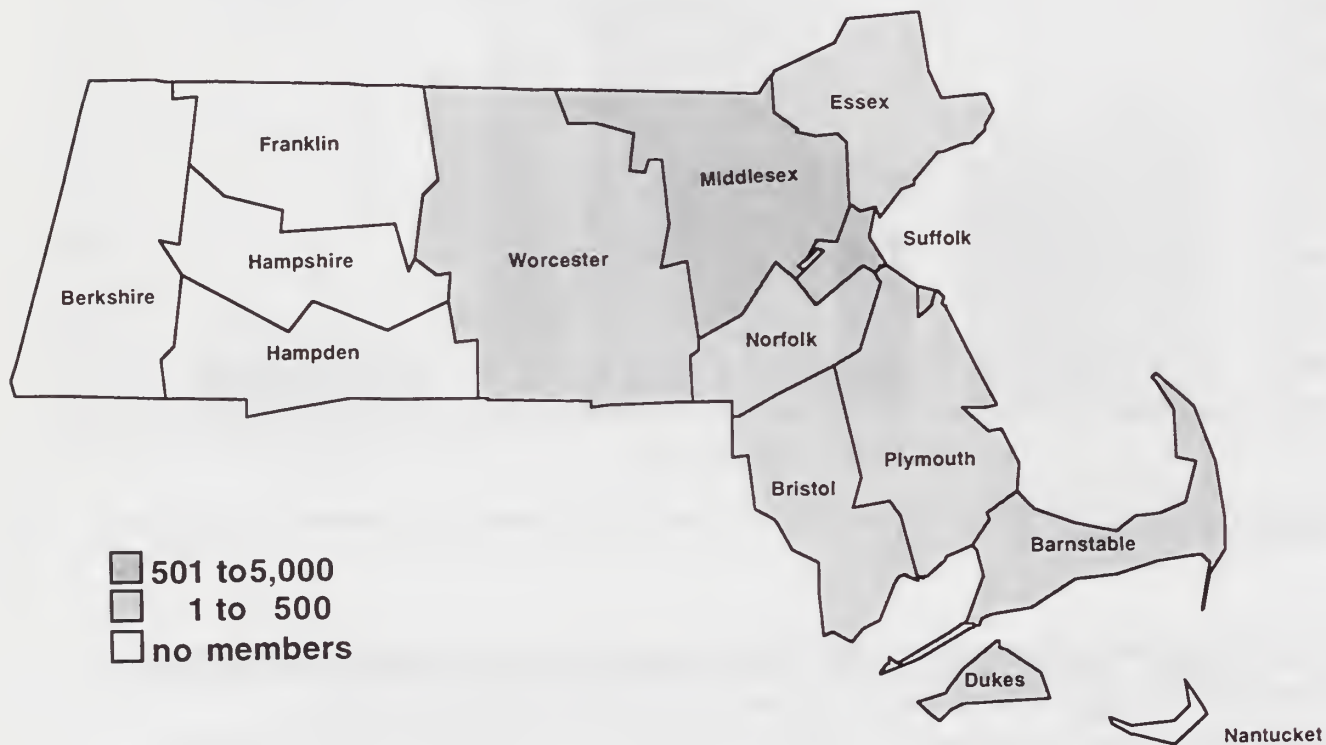
Non-Medical Expenses PMPM



Note: Three plans are missing data. Administrative costs for One Health Plan reflect only functions performed by the local office and excludes costs such as claims adjudication, marketing, etc.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

One Health Plan of Massachusetts, Inc. Members by Massachusetts County

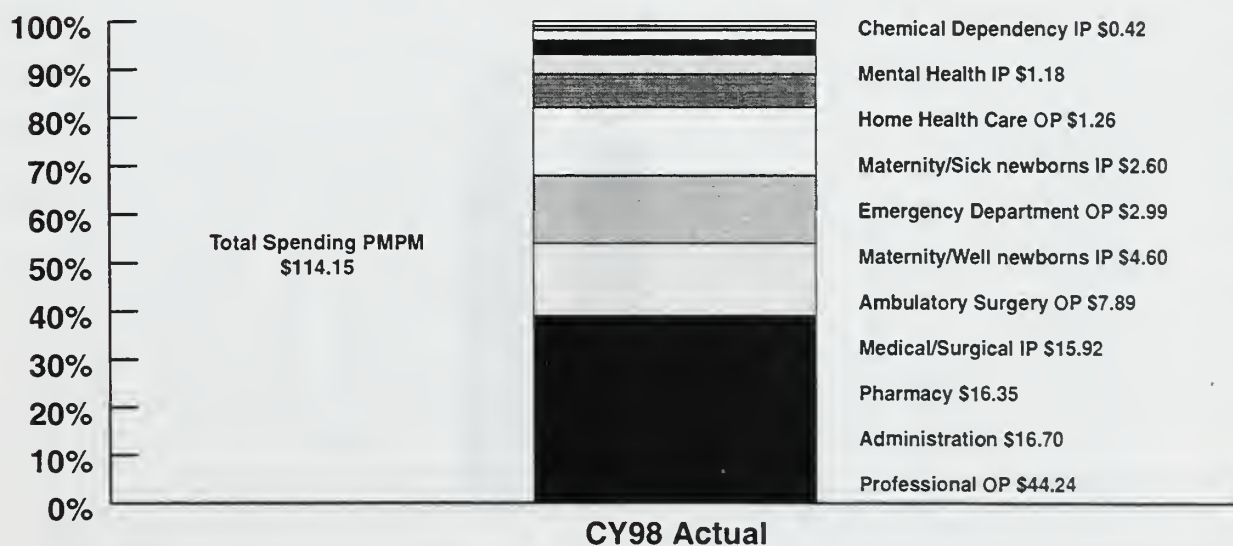


Tufts Health Plan of New England, Inc.
333 Wyman Street, Waltham, MA 02254
(781) 466-9400

*Total Members:	591,062
1998 Revenue:	\$1,117,752
1998 Net Income:	-\$12,770,000
Participating Physicians in Massachusetts:	19,043
Participating Hospitals in Massachusetts:	135
Areas Served in Massachusetts:	Statewide

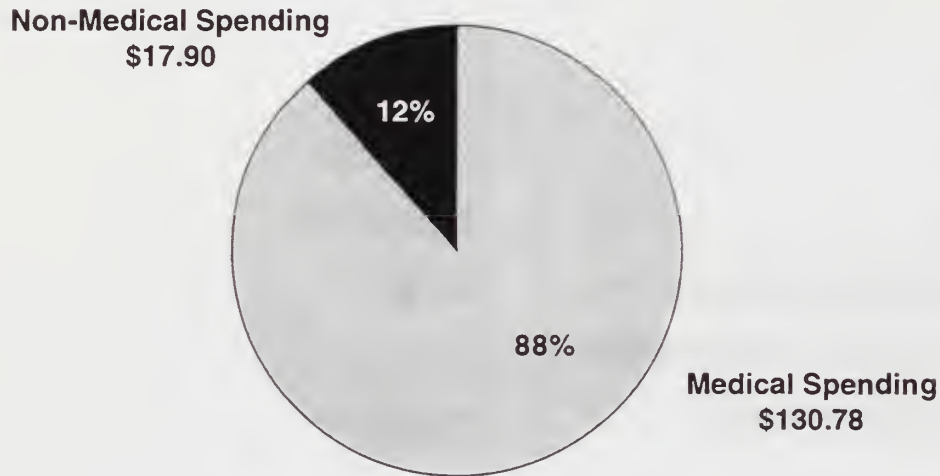
Source: Boston Business Journal, July 2-8, 1999; *Division of Insurance, December 31, 1998

Tufts Total PMPM Spending by Component

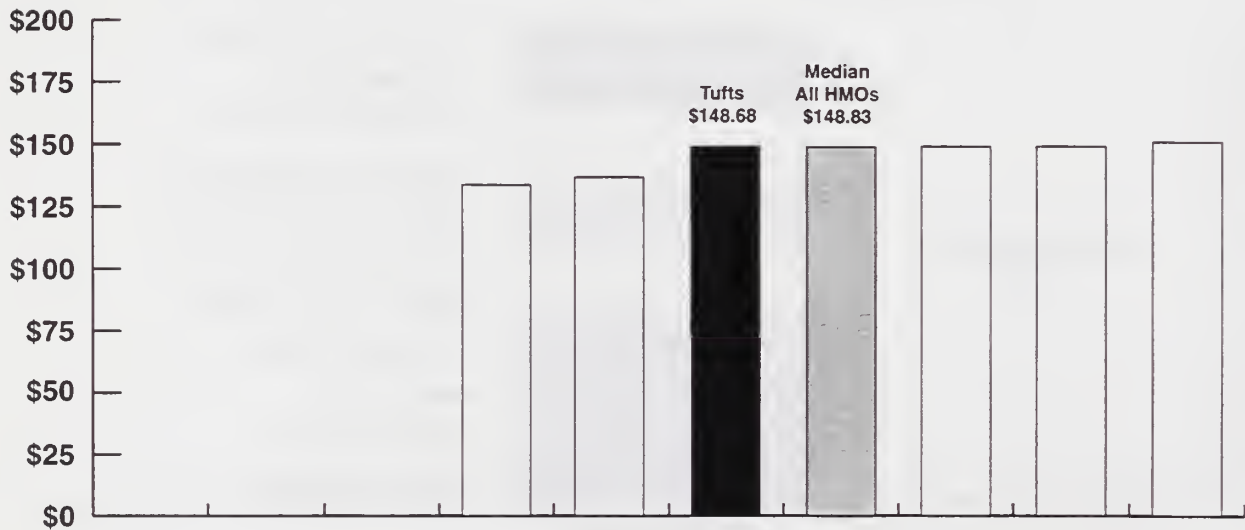


Note: IP = Inpatient, OP = Outpatient, Components are listed by percent of spending. Other inpatient, outpatient lab and radiology, and non-administration non-medical expenses are not included.

Components of Total PMPM Medical and Non-Medical Spending

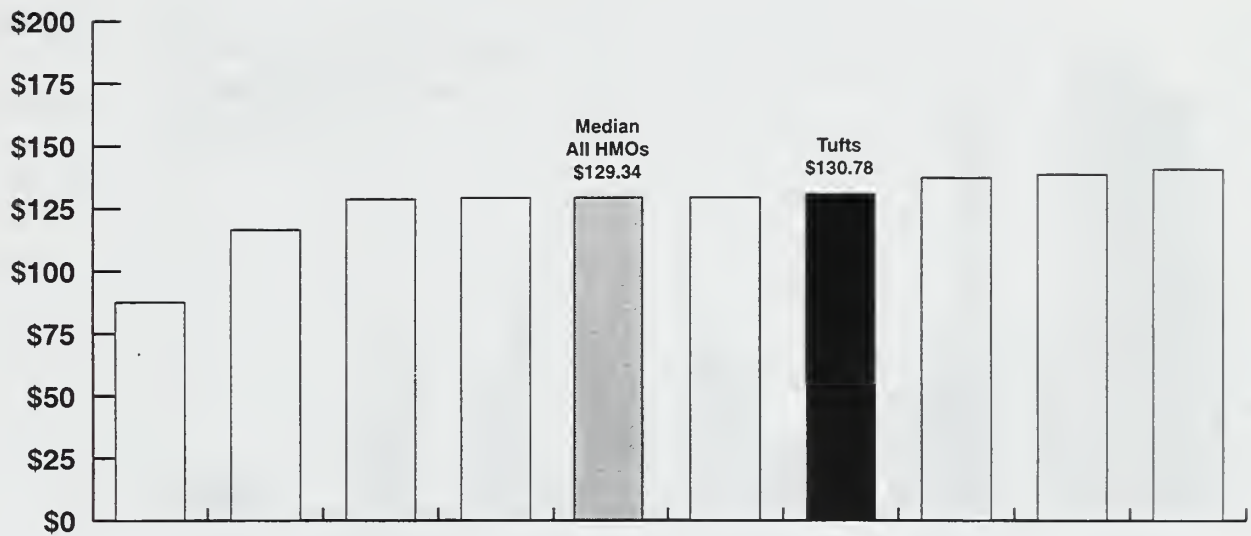


Total Per Member Per Month Medical and Non-Medical Expenses

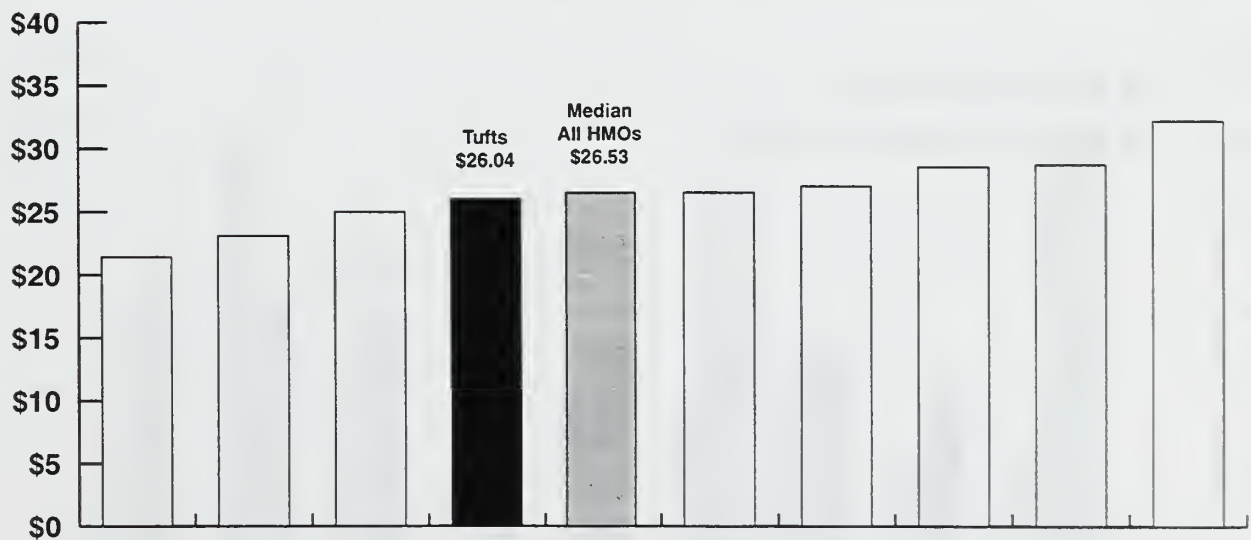


Note: Three plans are missing data.

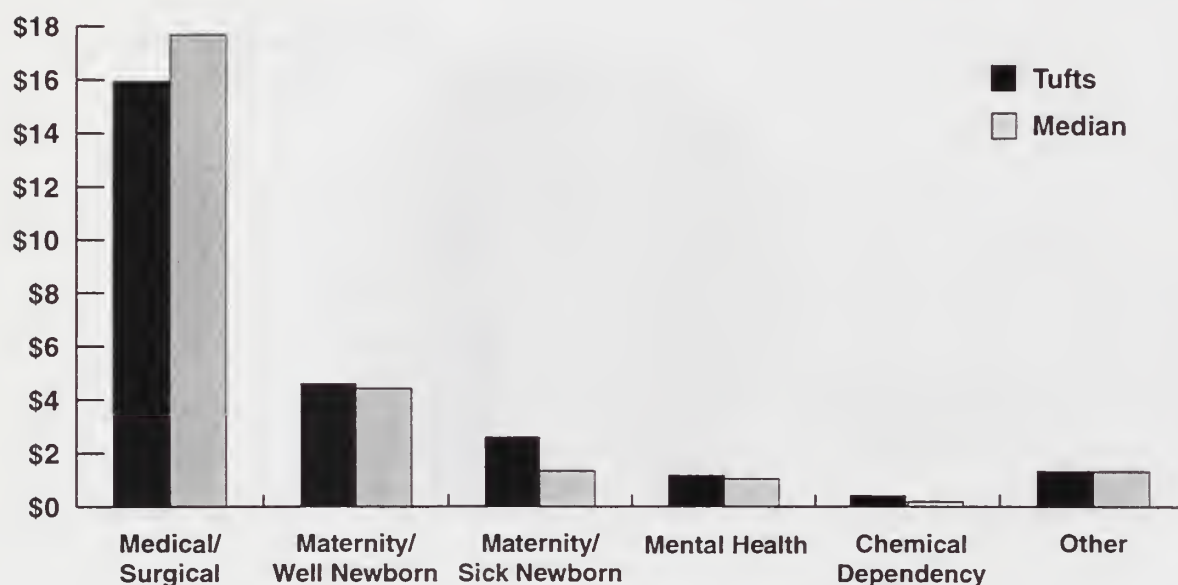
Medical Expenses PMPM



Inpatient Expenses PMPM

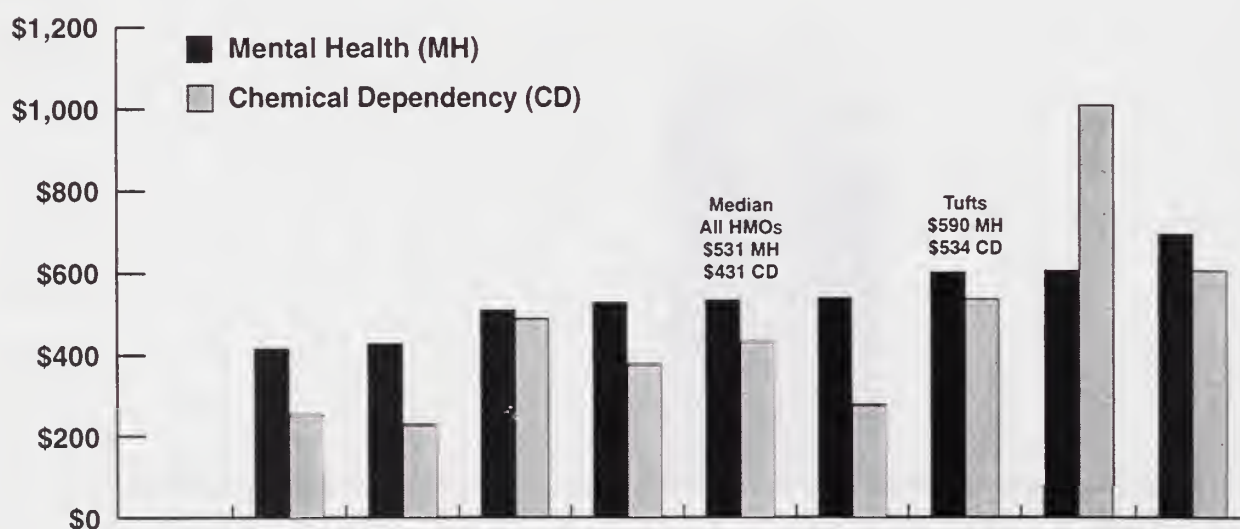


Components of Inpatient Medical Expenses PMPM



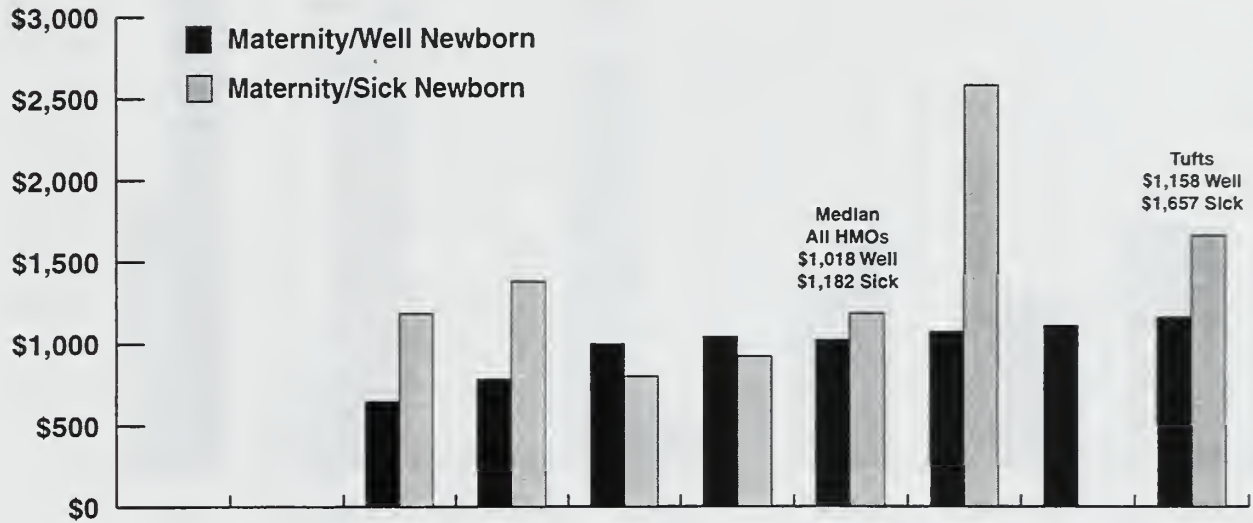
Note: Tufts included expenses paid for inpatient services to rehabilitation hospitals, skilled nursing facilities, nursing homes and chronic care hospitals.

Inpatient Mental Health and Chemical Dependency Costs Per Day



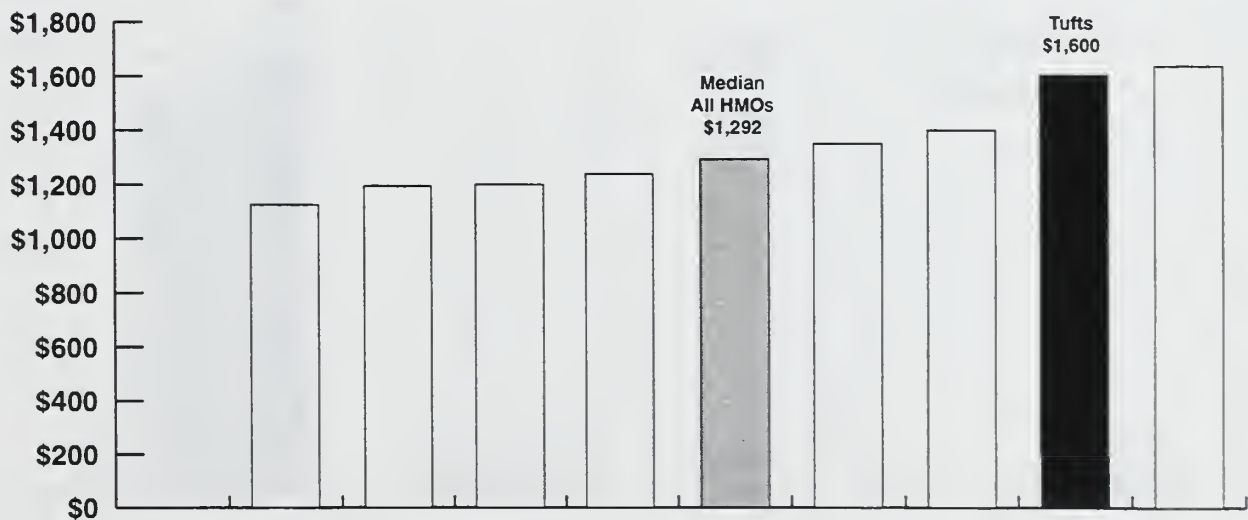
Note: One plan is missing data. Tufts used their own classification system. Capitation amounts were included.

Maternity Inpatient Costs Per Day



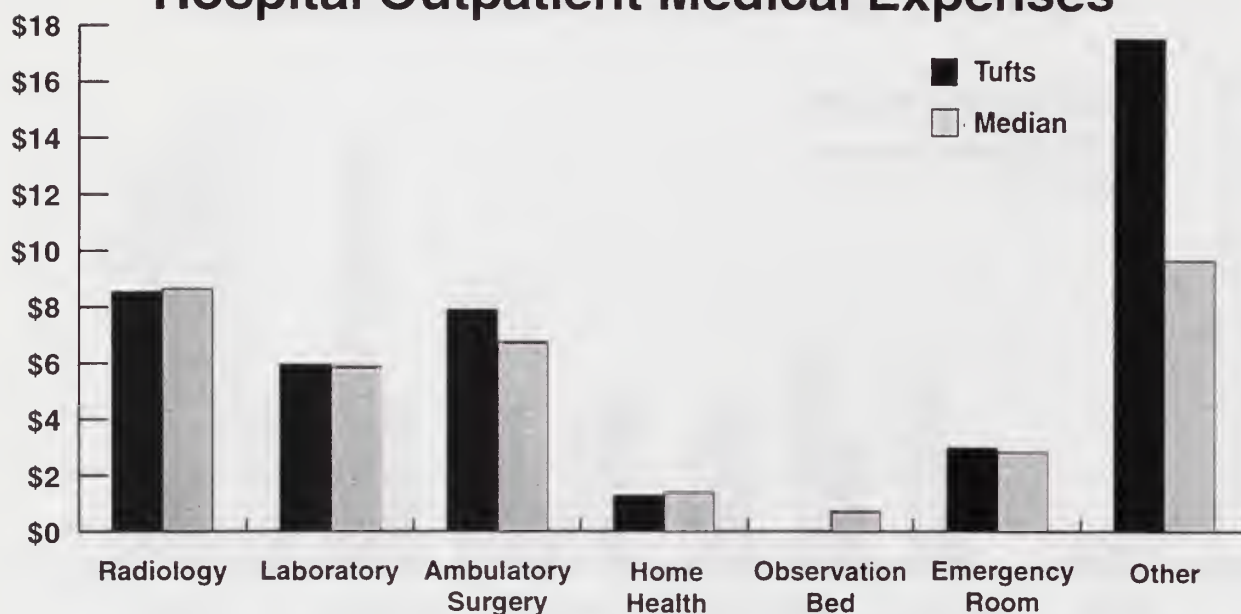
Note: Three plans are missing some or all data.

Medical/Surgical Inpatient Costs Per Day



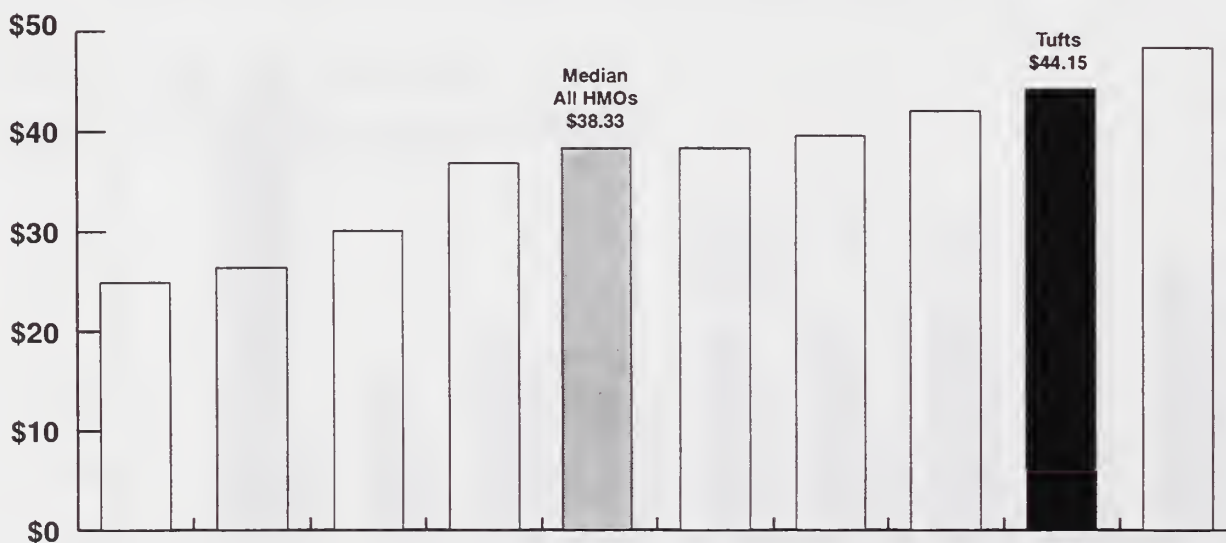
Note: One plan is missing data. Tufts used its own classification system.

Components of Hospital Outpatient Medical Expenses

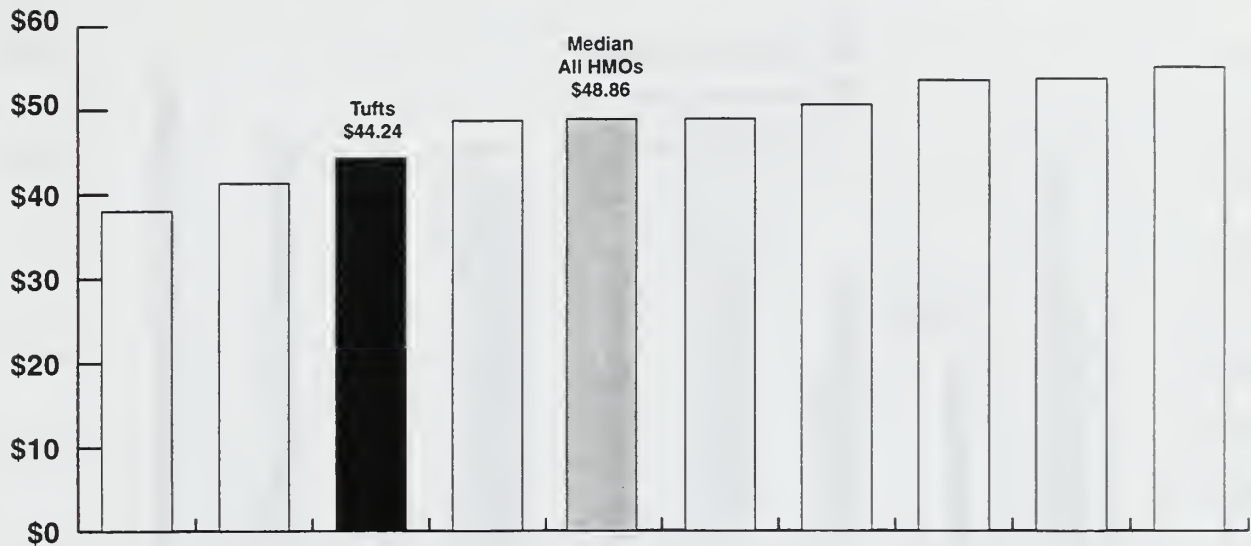


Note: Tufts is missing data for Observation Bed. Tufts included injections/immunizations, therapies, diagnostics, durable medical equipment, and transportation expenses in the "Other" category.

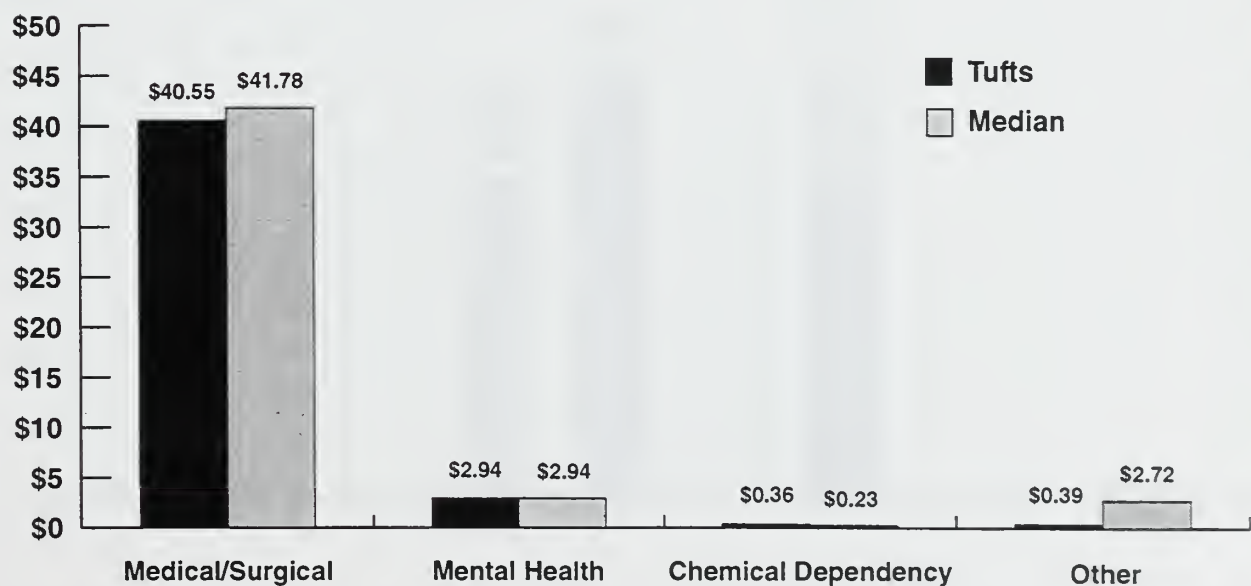
Other Hospital Outpatient Medical Expenses PMPM



Professional Visit Expenses PMPM

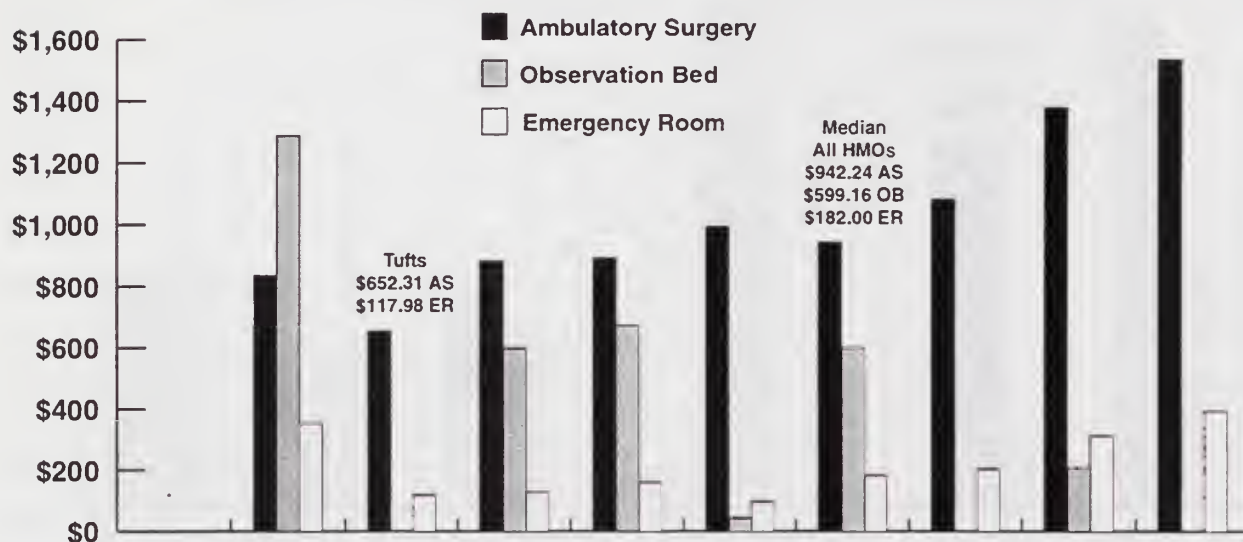


Components of Professional Visit Expenses



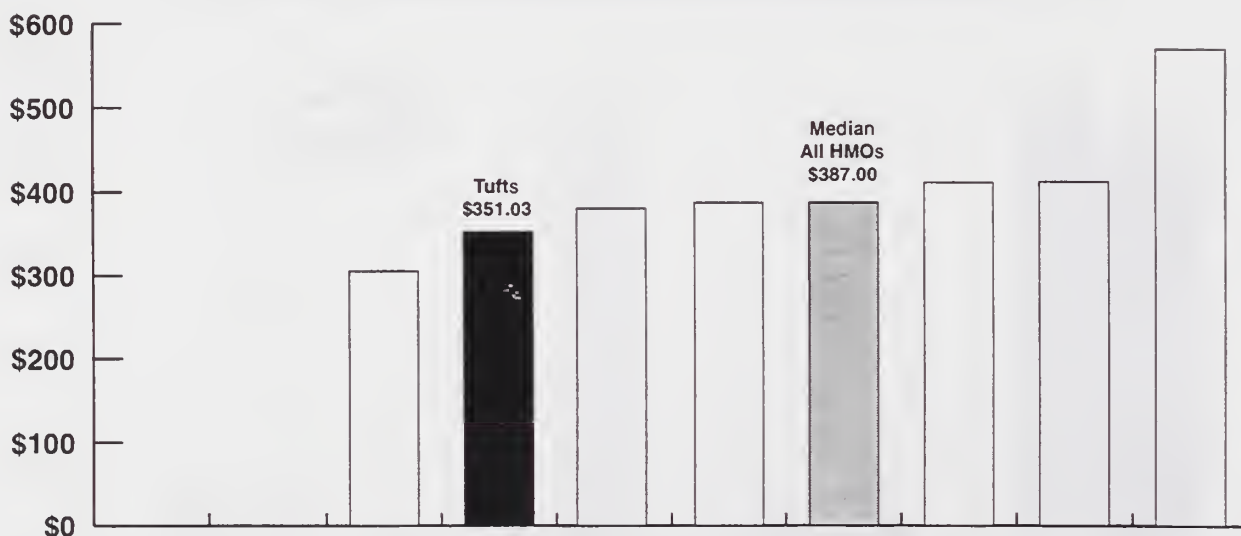
Note: Tufts included intervention visits in Other.

Ambulatory Cost Per Encounter



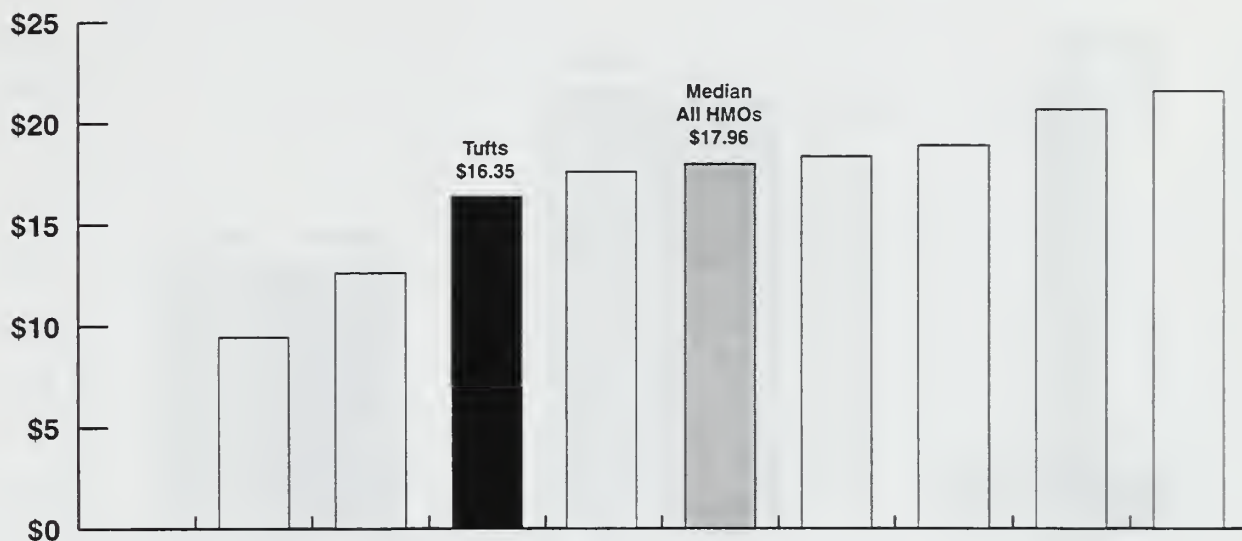
Note: Four plans are missing some or all data. Tufts is missing Observation Bed information. Cost per encounter is estimated based on expected utilization of services that were capitated.

Skilled Nursing Facility Cost Per Day



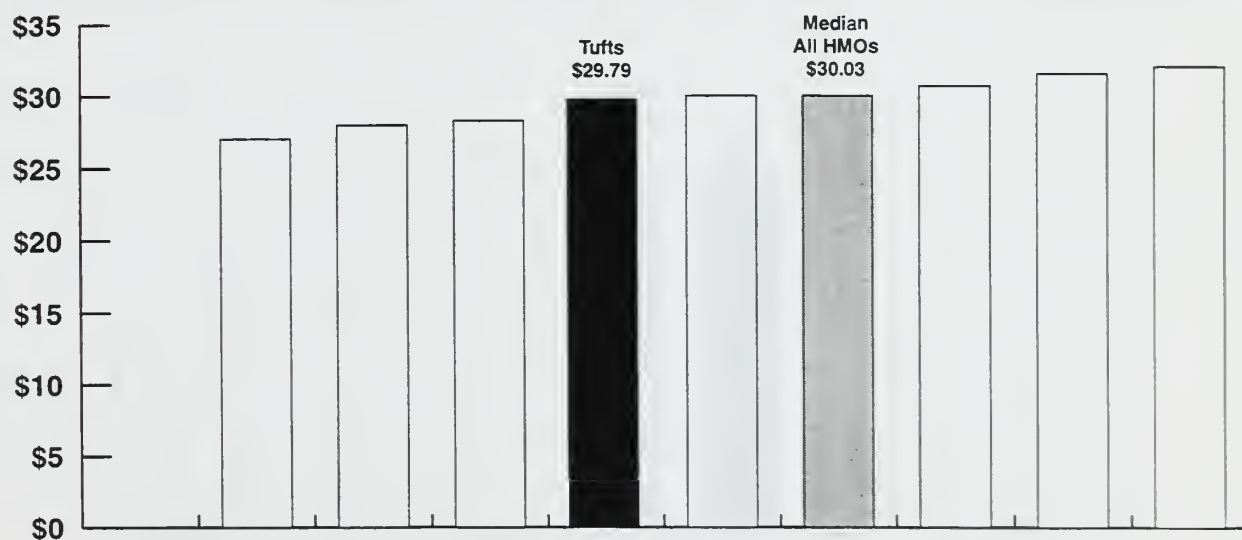
Note: Two plans are missing data.

Pharmacy Expense PMPM



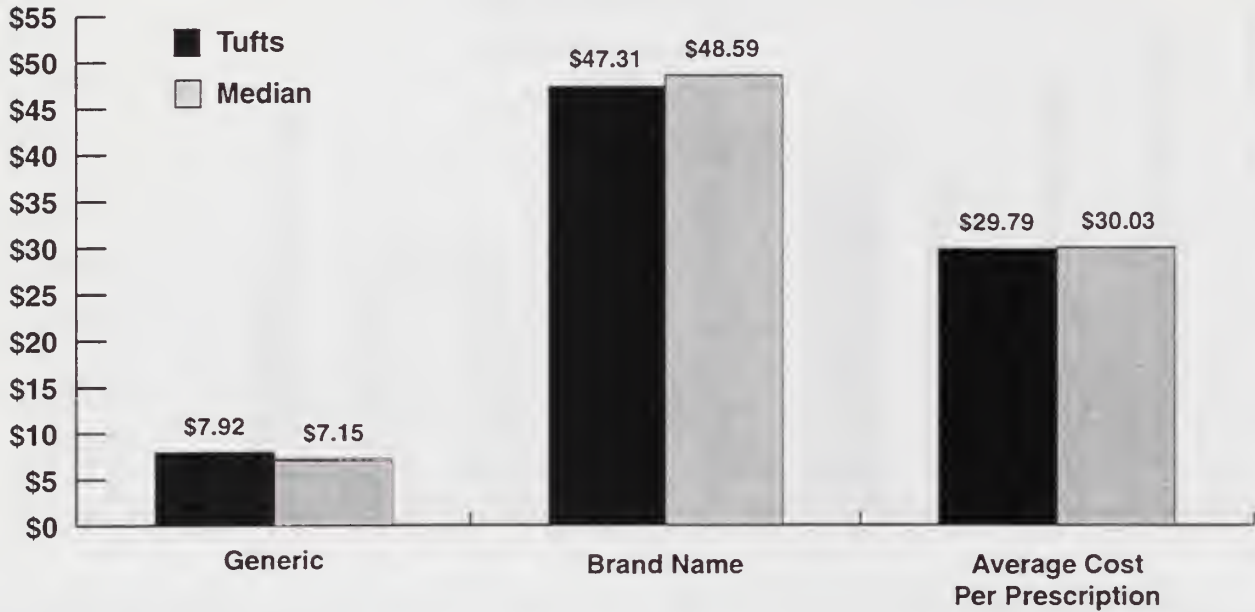
Note: One plan is missing data.

Average Cost Per Prescription

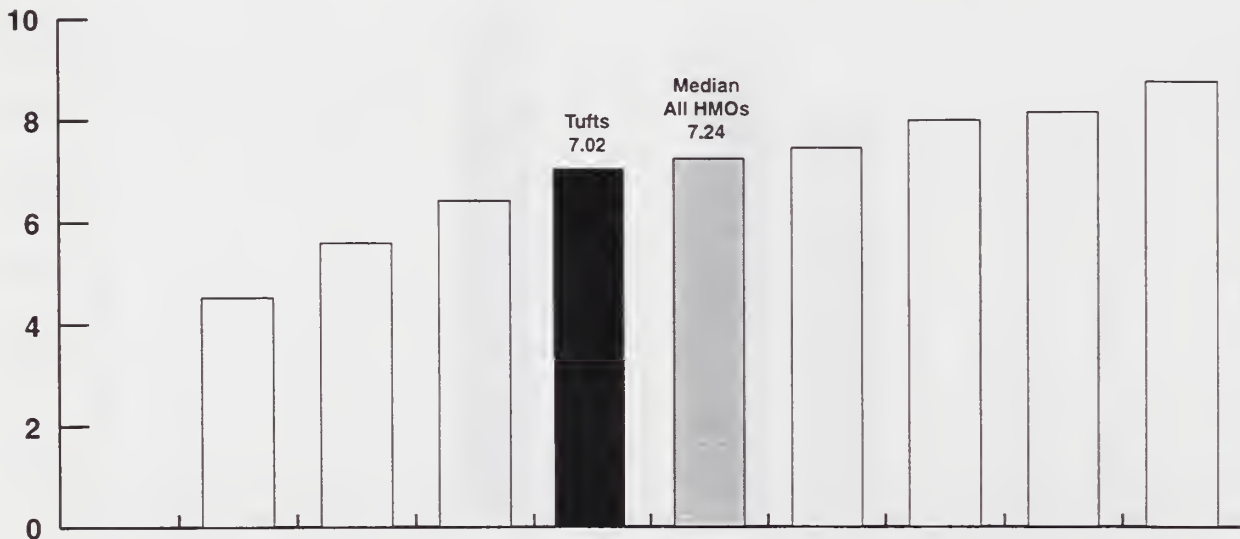


Note: One plan is missing data.

Components of Prescription Costs

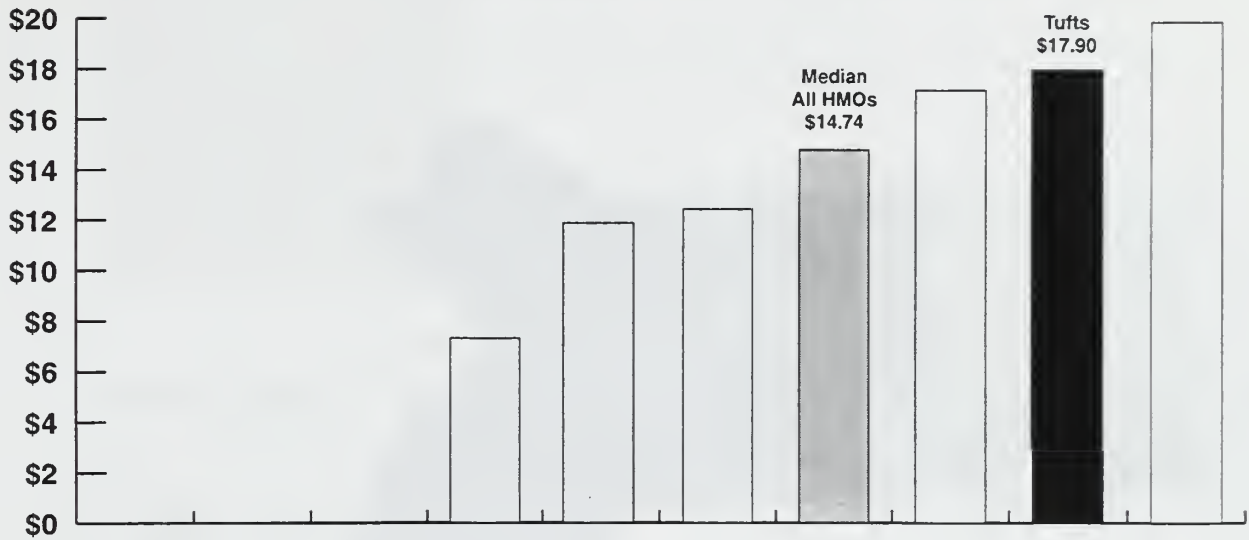


Number of Prescriptions Per Member Per Year



Note: One plan is missing data.

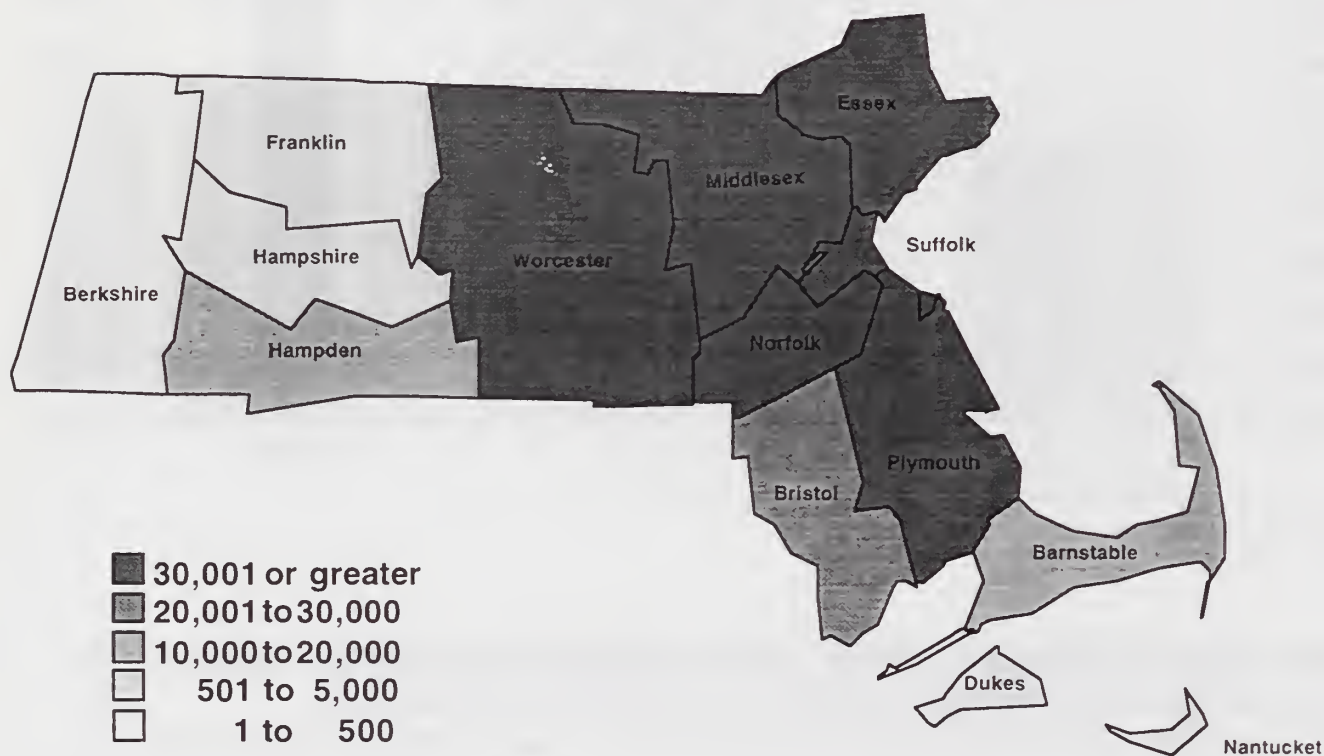
Non-Medical Expenses PMPM



Note: Three plans are missing data.

Note: Only five plans submitted information under “Components of Non-Medical Spending Per Member Per Month.” Not enough information was provided by plans to show a meaningful comparison.

Tufts Health Plan of New England, Inc. Members by Massachusetts County



Appendix A: Ambulatory Care Sensitive Conditions

Medical Conditions	ICD-9-CM Code
1. Angina	411.1, 411.8, 413
2. Asthma	493
3. Bacterial Pneumonia	481, 482.2, 482.3, 482.9, 483, 485, 4862
4. Chronic Obstructive Pulmonary Disease	491, 492, 494, 496, 466.0
5. Congenital Syphilis	090
6. Congestive Heart Failure	428, 402.01, 402.11, 402.91, 518.4
7. Convulsions	780.3
8. Dehydration	276.5
9. Diabetes	250.1, 250.2, 250.3, 250.8, 250.9, 250.0
10. Failure to Thrive	783.4
11. Gastroenteritis	558.9
12. Grand Mal Status and Epileptic Convulsions	345
13. Hypertension	401.0, 401.9, 402.00, 402.10, 402.90
14. Hypoglycemia	251.2
15. Immunization Related Conditions	033, 037, 045, 320.0, 390, 391
16. Invasive Cervical Cancer	180.0, 180.1, 180.8
17. Iron Deficiency Anemia	280.1, 280.8, 280.9
18. Kidney/Urinary Infection	590, 599.0, 599.9
19. Nutritional Deficiencies	260, 261, 262, 268.0, 268.1
20. Pelvic Inflammatory Disease	614
21. Severe ENT Infections	382, 462, 463, 465, 472.1
22. Tuberculosis (non-pulmonary)	012, 013, 014, 015, 016, 017, 018
23. Tuberculosis (pulmonary)	011
24. Cellulitis	681, 682, 683, 686

Appendix B: HMO Rate Questionnaire

HMO Rate Questionnaire Part I, Spending Per Member Per Month

Name of Plan:

Name of Person Completing Questionnaire:

Phone Number of Person Completing Questionnaire:

A. Medical Spending Per Member Per Month	CY1997Actual	CY1998Actual
1. Inpatient Expenses		
a. Medical/Surgical		
b. Maternity/Well newborns		
c. Maternity/Sick newborns		
d. Mental Health		
e. Chemical Dependency		
f. Other		
g. SUBTOTAL Inpatient (sum of a-f)		
2. Pharmacy		
3. Professional Visits		
a. Medical/Surgical		
b. Mental Health		
c. Chemical Dependency		
d. Other		
e. SUBTOTAL Professional (sum of a-d)		
4. Other Outpatient Medical		
a. Radiology		
b. Laboratory		
c. Ambulatory Surgery		
d. Home Health Care		
e. Observation Bed		
f. Emergency Department		
g. Other		
h. SUBTOTAL Other Outpatient (sum of a-e)		
TOTAL MEDICAL (sum of subtotals 1-4)		
B. Non-Medical Spending Per Member Per Month	CY1997Actual	CY1998Actual
1. Administration		
a. Member Services		
b. Provider Relations		
c. Marketing		
d. Advertising (tv, radio, print, billboards, promotional items)		
e. Claims Processing		
f. Information Systems		
g. Other (specify)		
f. SUBTOTAL Administration (sum of a-e)		
2. Reinsurance		
3. Contributions to Reserves		
3. Surplus/ Payment to Shareholders		
4. Other Non-medical Expenses		
TOTAL NON-MEDICAL (sum of subtotals 1-4)		
TOTAL PMPM (Medical + Non-medical)		

HMO Rate Questionnaire Part II, Utilization and Unit Cost

Name of Plan:

Name of Person Completing Questionnaire:

Phone Number of Person Completing Questionnaire:

A. Inpatient Acute Care Days/1000 Members	CY1997Actual	CY1998Actual
1. Medical/Surgical		
2. Maternity/Well Newborns		
3. Maternity/Sick Newborns		
4. Mental Health		
5. Chemical Dependency		
6. Other		
7. TOTAL Inpatient Acute Care Days/1000 Members		
B. Ambulatory Visits/1000 Members		
1. Ambulatory Surgery		
2. Emergency Room		
3. Outpatient Visits (exclude MH and CD)		
4. Mental Health		
5. Chemical Dependency		
6. Home Health Care		
7. Observation Bed (visit = OB stay from 1 hr to 24 hrs)		
8. TOTAL Ambulatory Visits/1000 (sum 1-7)		
C. Non-Acute Care Days/1000 Members		
1. Hospice		
2. SNF		
3. Rehabilitation		
4. TOTAL Non-Acute Days/1000 Members (sum 1-3)		
D. Admissions/1000 Members		
1. Medical/ Surgical		
2. Maternity/Well newborns		
3. Maternity/Sick Newborns		
4. Mental Health		
5. Chemical Dependency		
6. Other		
7. TOTAL Admissions/1000 Members (sum 1-6)		
E. Inpatient Facility Cost Per Day*	CY1997Actual	CY1998Actual
1. Medical Surgical		
2. Maternity/Well newborns		
3. Maternity/Sick Newborns		
4. Mental Health		
5. Chemical Dependency		
6. Other		
F. Ambulatory Facility Cost Per Encounter*		
1. Ambulatory Surgery		
2. Observation Bed		
3. Emergency Room		
G. Non-Acute Facility Cost Per Day*		
1. Hospice		
2. Skilled Nursing Facility		
3. Rehabilitation		

* Exclude physician and other professional fees. If hospitals are paid on a global or per admission basis, please tell us the average amount paid, and the average length of stay. Also tell us if physician services are included in the payment.

HMO Rate Questionnaire Part III, Geographic Distribution of Membership

Name of Plan:

Name of Person Completing Questionnaire:

Phone Number of Person Completing Questionnaire:

Use member residence as the source for zip code information, not the employer's zip.

	Number of	Number of		Number of
	Individual Contracts	Family Contracts		Individual Contracts
3 Digit Massachusetts Zip Codes	as of 12/31/97	as of 12/31/97		as of 12/31/98
010				
011				
012				
013				
014				
015				
016				
017				
018				
019				
020				
021				
022				
023				
024				
025				
026				
027				
TOTAL CONTRACTS				

HMO Rate Questionnaire Part IV, Membership by Age and Sex

Name of Plan:

Name of Person Completing Questionnaire:

Phone Number of Person Completing Questionnaire:

Age Category	As of 12/31/97		As of 12/31/98	
	Male	Female	Male	Female
0 - 4 years				
5 - 14 years				
15 - 24 years				
25 - 34 years				
35 - 44 years				
45 - 54 years				
55 - 64 years				
65 - 74 years				
75 - 84 years				
85+ years				
TOTAL MEMBER MONTHS				
TOTAL ENROLLEES				

HMO Rate Questionnaire Part V, Prescription Drug Utilization and Cost

Name of Plan:

Name of Person Completing Questionnaire:

Phone Number of Person Completing Questionnaire:

Please report the number of prescriptions filled, and the amount spent for prescriptions.
Do not include copayments in the amount the health plan spends on prescription drugs.

	CY1997Actual	CY1998Actual
1. Number of prescriptions		
a. Generic		
b. Formulary		
c. Brand Name		
d. Nonformulary/Nonpreferred		
e. Mail order		
f. Total		
2. Pharmacy Expenditures		
(exclude copayments by members)		
a. Generic		
b. Formulary		
c. Brand Name		
d. Nonformulary/Nonpreferred		
e. Mail order		
f. Total		
4. Total Member months for members with		
Pharmacy Benefits		

Appendix C:

Data Definitions

Total Per Member Per Month (PMPM)

The total amount required to cover all benefits for the HMO's non-Medicaid, non-Medicare, fully-insured HMO business. This measure is the sum of Total Medical and Total Non-Medical Expenses PMPM, including contributions to reserves/surplus/returns to shareholders. This measure should reflect the baseline amount from which premiums are derived.

Total Medical Expenses PMPM

National Association of Insurance Commissioners (NAIC) HMO Annual Statement (Report 2, Line 21, Column 2). Reflect only non-Medicaid, non-Medicare, fully-insured HMO business. Include IBNR claims estimates, PCP management fees, physician incentives/bonuses/risk sharing adjustments. Exclude the portion of withholds or risk sharing adjustments that does not go back to providers.

Administrative Expenses PMPM

NAIC Annual Statement (Report 2, Line 27, Column 2), but report only non-Medicaid, non-Medicare, fully-insured HMO business. Exclude PCP management fees and medically-related management expenses.

Contributions to Reserves, Surplus, Returns to Shareholders PMPM

Amount of excess revenue after expenses (net income), but reflect only non-Medicaid, non-Medicare, fully-insured HMO business. Includes claims reserves, statutory reserves (if applicable) and any settlement adjustments, e.g., from risk-sharing arrangements with providers.

Other Non-Medical Expenses PMPM

May include items such as provision for Federal income taxes, state premium tax if applicable.

Total Non-Medical Expenses PMPM

The sum of administrative expenses, reinsurance net of recoveries and other non-medical expenses, plus contributions to reserves, surplus and/or returns to shareholders.

Total Inpatient Expenses PMPM

All acute hospital and non-acute inpatient facility expenses, including inpatient mental health/chemical dependency services at acute and specialty hospitals, inpatient rehabilitation ser-

vices, skilled nursing facility, hospice and longterm care facility services. Excludes all professional expenses.

I/P Medical/Surgical (Expenses PMPM, Days per 1,000, Admissions per 1,000, Cost per Day)
HEDIS 3.5 – DRG codes 1-369,392-423 and 438-494. All measures should exclude sick newborns. Expenses should reflect facility component only.

I/P Maternity (Expenses PMPM, Days per 1,000, Admissions per 1,000, Cost per Day)
(Note: On HMO Community Rate Questionnaire, data used was from line labeled “Maternity/ Well Newborn”) HEDIS 3.5 - Includes all inpatient hospitalizations for maternity-related reasons, including abortions and antepartum stays. Days and admissions should exclude all newborns. Expenses and unit cost should include the costs related to a normal newborn stay, but exclude costs related to a sick newborn stay. Expenses and unit cost should reflect only the facility component.

I/P Sick Newborn (Expenses PMPM, Days per 1,000, Admissions per 1,000, Cost per Day)
(Note: On HMO Community Rate Questionnaire, data used was from line labeled “Maternity/Sick Newborn”) HEDIS 3.5 - “Complex Newborns.” 1) Length of Stay is greater than or equal to five days, or 2) less than five days and newborn expired (patient status code = 20-29). Should reflect only the sick newborn stay, excluding maternity costs. Expenses and unit cost should reflect only the facility component.

Inpatient Mental Health/Chemical Dependency
(Expenses PMPM, Days per 1,000, Admissions per 1,000, Cost per Day) HEDIS 3.5 – DRG codes 424-432 (MH) and DRG codes 433-437 (CD). Exclude “Day/Night Care”. Measures should reflect the inpatient costs and utilization of capitated MH/CD services. Expenses and unit cost should reflect only the facility component.

Other Inpatient Expenses PMPM
May include hospice, rehabilitation, SNF expenses. Should reflect only the facility component.

Total Non-Acute Days per 1,000
May include utilization of services in a Skilled Nursing Facility, Rehabilitation facility or Hospice.

Pharmacy Expenses PMPM
Total pharmacy costs per member per month, excluding copayments and deductibles. Excludes inpatient pharmacy costs. The denominator should equal total member months (not just member months for members with the pharmacy benefit).

Percent of Members with a Pharmacy Benefit
The percentage of HMO's non-Medicaid, non-Medicare, fully insured members who had a pharmacy benefit or rider in CY 1998.

Total Professional Expenses PMPM
All professional costs associated with the delivery of inpatient, outpatient, and ambulatory services by providers practicing in primary care, medical/surgical, maternity, mental health/chemical dependency and all specialties, including MDs, LICSWs, therapists (speech, PT, OT), etc. Should include the cost of visits to providers with capitated contracts.

Professional - Other Expenses PMPM

May include professional expenses for therapies (speech, PT, OT), optometrists, and professional expenses for the "Other Patient Medical" services below (e.g., ER, lab, radiology, etc.).

Other Outpatient Medical - Radiology and Laboratory Expenses PMPM

Costs associated with the facility components of radiology and laboratory services.

Other Outpatient Medical - Ambulatory Surgery

(Expenses PMPM, Encounters per 1,000, Cost per Encounter) HEDIS 3.5 - Ambulatory surgery procedures performed at a hospital outpatient facility or at a freestanding surgery center. Exclude office-based surgeries/procedures. A procedure encounter is defined as one unique service date for a unique member at a unique site, regardless of the number of services provided at that site, on that day, for that member. Expenses and unit costs should include only the facility component.

Other Outpatient Medical - Emergency Department

(Expenses PMPM, Visits per 1,000, Cost per Visit) HEDIS 3.5 - The count of visits to the emergency room excluding those that result in an inpatient stay. Measure does not include visits to urgent care centers. Expenses and unit costs should include only the facility component and should exclude the cost of visits that result in an inpatient stay.

Other Outpatient Medical - Other Expenses PMPM

(HMO Community Rate Questionnaire: Part A., Line 4.e.) Should include the facility component only of all other non-inpatient, non-pharmacy medical services such as MH/CD Day Treatment, Durable Medical Equipment, hospital outpatient services and other outpatient services (e.g., wellness/fitness, dental, vision).

Total Other Outpatient Medical Expenses PMPM

Sum of facility expenses for radiology, laboratory, emergency department, ambulatory surgery and all other non-inpatient, non-pharmacy outpatient medical services.

Outpatient Visits per 1,000

HEDIS 3.5 - The count of face-to face encounters between provider and patient for services provided by primary care physicians, specialists, nurse practitioners, physician assistants, ophthalmologists and optometrists. Include visits for hospital outpatient, clinic, home care services, nursing facility and newborn care. Exclude mental health, chemical dependency, ambulatory surgery and emergency department visits. See HEDIS for CPT-4 codes.

Prescription Drugs - Average Cost per Prescription

Gross cost of prescription drugs, including enrollee copayments and deductibles, divided by number of prescriptions.

Appendix D: Spending Per Member Per Month

Appendix D: Spending Per Member Per Month

A. Medical Spending Per Member Per Month					Fallon CY98					Median All HMOs 98				
1. Inpatient Expenses					Fallon CY98					Median All HMOs 98				
a. Medical/Surgical	Aetna CY98	BCBS NH CY98	CIGNA CY98	HPHC CY98										
b. Maternity/Well newborns	\$21.96	NA	\$12.88	\$20.79	\$19.00									\$17.67
c. Maternity/Sick newborns	\$4.91	NA	\$3.09	\$3.50	\$5.40									\$4.42
d. Mental Health	\$0.61	NA	\$4.79	NA	\$1.39									\$1.34
e. Chemical Dependency	\$0.17	NA	\$0.55	\$0.92	\$1.04									\$0.19
f. Other: Skilled nursing; rehab; misc;	\$4.54	NA	\$0.79	\$1.64	\$1.32									\$0.19
g. SUBTOTAL Inpatient (sum of a-f)	\$32.19	\$28.73	\$23.10	\$27.05	\$28.57									\$26.53
2. Pharmacy	\$18.88	\$12.60	\$18.33	\$17.59	\$21.56									\$17.96
3. Professional Visits														
a. Medical/Surgical	\$32.40	\$43.01	\$45.58	\$48.32	\$27.68									\$41.78
b. Mental Health	\$2.93	\$3.13	\$2.87	\$1.98	\$2.94									\$2.94
c. Chemical Dependency	NA	NA	\$0.22	\$0.22	\$0.23									\$0.23
d. Other: Anesthesia	\$2.69	\$2.72	NA	NA	\$23.41									\$2.72
e. SUBTOTAL Professional (sum of a-d)	\$38.02	\$48.86	\$48.67	\$50.52	\$53.65									\$48.86
4. Other Outpatient Medical														
a. Radiology	\$10.88	\$12.87	\$7.96	\$12.66	\$8.43									\$8.63
b. Laboratory	\$4.96	\$8.09	\$3.50	\$7.90	\$5.84									\$5.87
c. Ambulatory Surgery	\$5.86	\$10.50	\$6.77	\$6.72	\$4.65									\$6.75
d. Home Health Care	\$2.29	\$1.89	\$1.67	NA	\$0.09									\$1.39
e. Observation Bed	NA	\$3.97	\$1.06	NA	\$0.72									\$0.72
f. Emergency Department	\$3.21	\$4.04	\$1.81	\$4.02	\$1.69									\$2.84
g. Other: Outpatient Medical Services	\$12.38	\$7.00	\$3.63	\$10.72	\$9.66									\$9.66
h. SUBTOTAL Other Outpatient (sum of a-e)	\$39.58	\$48.35	\$26.40	\$42.02	\$36.84									\$38.33
TOTAL MEDICAL (sum of subtotals 1-4)	\$128.65	\$138.54	\$116.50	\$137.18	\$140.62									\$129.34
B. Non-Medical Spending Per Member Per Month					Fallon CY98					Median All HMOs 98				
1. Administration					Fallon CY98					Median All HMOs 98				
a. Member Services	Aetna CY98	BCBS NH CY98	CIGNA CY98	HPHC CY98										
b. Provider Relations	NA	\$1.09	NA	\$0.78	NA									\$1.43
c. Marketing	NA	\$1.81	\$1.24	\$1.24	\$1.24									\$1.24
d. Advertising (tv, radio, print, billboards, promotional items)	NA	\$2.87	NA	\$1.28	\$1.82									\$1.82
e. Claims Processing	NA	\$0.52	NA	\$1.72	NA									\$0.66
f. Information Systems	NA	\$1.19	NA	\$0.41	NA									\$1.07
g. Other (specify)	NA	\$1.65	NA	\$1.16	NA									\$2.05
h. SUBTOTAL Administration (sum of a-e)	NA	\$12.39	\$15.71	\$9.47	\$3.81									\$14.55
2. Reinsurance	NA	NA	\$0.14	\$0.27	\$0.21									\$0.21
3. Contributions to Reserves	NA	NA	NA	(\$10.03)	NA									-\$4.47
4. Other Non-medical Expenses	NA	NA	NA	NA	NA									NA
TOTAL NON-MEDICAL (sum of subtotals 1-4)	NA	\$12.39	\$17.09	\$11.84	NA									\$14.74
TOTAL PMPM (Medical + Non-medical)	NA	\$150.93	\$133.59	\$149.02	NA									\$148.83

Appendix D: Spending Per Member Per Month (continued)

A. Medical Spending Per Member Per Month					Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Inpatient Expenses									
a. Medical/Surgical					\$17.57	\$17.76	\$16.41	\$15.92	\$17.67
b. Maternity/Well newborns					\$4.42	\$1.15	\$5.51	\$4.60	\$4.42
c. Maternity/Sick newborns					\$1.34	\$0.90	\$0.11	\$2.60	\$1.34
d. Mental Health					\$1.16	\$0.86	\$3.71	\$1.18	\$1.04
e. Chemical Dependency					\$0.06	\$0.09	\$0.79	\$0.42	\$0.19
f. Other: Skilled nursing, rehab, misc.					\$0.44	\$0.67	NA	\$1.33	\$1.32
g. SUBTOTAL Inpatient (sum of a-f)					\$24.99	\$21.43	\$26.53	\$26.04	\$26.53
2. Pharmacy					\$20.66	NA	\$9.44	\$16.35	\$17.96
3. Professional Visits									
a. Medical/Surgical					\$45.83	\$37.80	NA	\$40.55	\$41.78
b. Mental Health					\$3.88	\$3.20	NA	\$2.94	\$2.94
c. Chemical Dependency					NA	\$0.27	NA	\$0.36	\$0.23
d. Other: Anesthesia					\$3.75	NA	NA	\$0.39	\$2.72
e. SUBTOTAL Professional (sum of a-d)					\$53.46	\$41.27	\$55.04	\$44.24	\$48.86
4. Other Outpatient Medical									
a. Radiology					\$8.73	\$4.58	NA	\$8.52	\$8.63
b. Laboratory					\$5.90	\$2.35	NA	\$5.94	\$5.87
c. Ambulatory Surgery					\$7.26	\$5.95	NA	\$7.89	\$6.75
d. Home Health Care					\$1.39	\$0.58	NA	\$1.26	\$1.39
e. Observation Bed					\$0.72	\$0.17	NA	NA	\$0.72
f. Emergency Department					\$1.97	\$2.69	NA	\$2.99	\$2.84
g. Other: Outpatient Medical Services					\$4.11	\$8.59	NA	\$17.54	\$9.66
h. SUBTOTAL Other Outpatient (sum of a-g)					\$30.08	\$24.91	\$38.33	\$44.15	\$38.33
TOTAL MEDICAL (sum of subtotals 1-4)					\$129.19	\$87.61	\$129.34	\$130.78	\$129.34
B. Non-Medical Spending Per Member Per Month					Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Administration									
a. Member Services					\$1.77	NA	NA	\$1.77	\$1.43
b. Provider Relations					\$3.38	NA	NA	\$0.98	\$1.24
c. Marketing					\$2.32	NA	NA	\$1.32	\$1.82
d. Advertising (tv, radio, print, billboards, promotional items)					\$0.54	NA	NA	\$0.77	\$0.66
e. Claims Processing					\$2.13	NA	NA	\$0.95	\$1.07
f. Information Systems					\$5.02	NA	NA	\$2.45	\$2.05
g. Other (specify)					\$3.81	NA	NA	\$8.45	\$3.81
f. SUBTOTAL Administration (sum of a-e)					\$18.97	NA	\$4.69	\$16.70	\$14.55
2. Reinsurance					\$0.53	NA	NA	\$0.11	\$0.21
3. Contributions to Reserves					NA	NA	NA	\$1.09	\$-4.47
3. Surplus/ Payment to Shareholders					NA	NA	NA	NA	NA
4. Other Non-medical Expenses					\$0.29	NA	\$2.61	NA	\$2.10
TOTAL NON-MEDICAL (sum of subtotals 1-4)					\$19.79	NA	\$7.30	\$17.90	\$14.74
TOTAL PMPM (Medical + Non-medical)					\$148.98	NA	\$136.64	\$148.68	\$148.83

Appendix E: Utilization and Unit Cost

Appendix E: Utilization and Unit Cost

A. Inpatient Acute Care Days/1000 Members							Fallon CY98		Median All HMOs 98	
1. Medical/Surgical	175.8	121.6	129.7	185.1	185.1	153				
2. Maternity/Well Newborns	52.4	23.3	34.7	38.0	38.0	35				
3. Maternity/Sick Newborns		11.5	22.3	Not Available	Not Available	12				
4. Mental Health	14.6	19.8	10.9	26.0	26.0	25				
5. Chemical Dependency	4.1	4.6	11.9	10.6	10.6	5				
6. Other	2.1	Not Available	Not Available	Not Available	Not Available	2				
7. TOTAL Inpatient Acute Care Days/1000 Members	249.0	180.8	209.5	259.8	259.8	249				
B. Ambulatory Visits/1000 Members							Fallon CY98		Median All HMOs 98	
1. Ambulatory Surgery	65.0	68.9	92.3	52.4	52.4	66				
2. Emergency Room	189.0	153.3	170.1	122.8	122.8	154				
3. Outpatient Visits (exclude MH and CD)	2315.1	3456.0	3587.4	3536.8	3536.8	3610				
4. Mental Health	16.8	510.1	466.7	452.2	452.2	485				
5. Chemical Dependency	NA	Not Available	25.6	46.9	46.9	13				
6. Home Health Care (includes DME)	770.8	Not Available	Not Available	Not Available	Not Available	170				
7. Observation Bed (visit = OB stay from 1 hr to 24 hrs)	Not Available	7.8	21.2	Not Available	Not Available	13				
8. TOTAL Ambulatory Visits/1000 (sum 1-7)	3356.7	4196.0	4363.3	4211.0	4211.0	4365				
C. Non-Acute Care Days/1000 Members							Fallon CY98		Median All HMOs 98	
1. Hospice	NA	Not Available	NA	Not Available	Not Available	1				
2. SNF	19.5	11.6	17.3	Not Available	Not Available	13				
3. Rehabilitation	18.0	5.7	5.8	Not Available	Not Available	9				
4. TOTAL Non-Acute Days/1000 Members (sum 1-3)	37.5	22.3	23.1	34.6	34.6	25				
D. Admissions/1000 Members							Fallon CY98		Median All HMOs 98	
1. Medical/ Surgical	43.6	31.3	34.3	44.2	44.2	37				
2. Maternity/Well Newborns	14.9	11.6	11.9	12.6	12.6	14				
3. Maternity/Sick Newborns		0.5	0.8	Not Available	Not Available	1				
4. Mental Health	1.7	3.7	2.7	4.1	4.1	4				
5. Chemical Dependency	0.7	1.2	3.4	2.0	2.0	1				
6. Other	Not Available	Not Available	Not Available	2.0	2.0	2				
7. TOTAL Admissions/1000 Members (sum 1-6)	57.1	48.2	53.1	64.9	64.9	57				
E. Inpatient Facility Cost Per Day							Fallon CY98		Median All HMOs 98	
1. Medical Surgical	\$1,124.00	Not Available	\$1,191.93	\$1,347.49	\$1,347.49	\$1,291.60				
2. Maternity/Well newborns	\$1,500.00	Not Available	\$1,068.13	\$1,105.50	\$1,105.50	\$1,018.45				
3. Maternity/Sick Newborns		Not Available	\$2,576.94	Not Available	Not Available	\$1,181.97				
4. Mental Health	\$506.00	Not Available	\$606.03	\$425.16	\$425.16	\$530.56				
5. Chemical Dependency	\$486.00	Not Available	\$1,007.87	\$227.71	\$227.71	\$430.62				
6. Other	\$201.00	Not Available	Not Available	Not Available	Not Available	\$201.00				
F. Ambulatory Facility Cost Per Encounter							Fallon CY98		Median All HMOs 98	
1. Ambulatory Surgery	\$1,082.00	835.45	\$980.84	\$1,536.98	\$1,536.98	\$942.24				
2. Observation Bed	NA	1287.34	\$599.16	Not Available	Not Available	\$599.16				
3. Emergency Room	\$204.00	351.81	\$127.87	\$393.35	\$393.35	\$182.00				
G. Non-Acute Facility Cost Per Day							Fallon CY98		Median All HMOs 98	
1. Hospice	Not Available	Not Available	Not Available	Not Available	Not Available	\$443.79				
2. Skilled Nursing Facility	\$411.00	Not Available	\$380.04	\$569.46	\$569.46	\$387.00				
3. Rehabilitation	\$689.00	Not Available	\$506.73	NA	NA	\$689.00				

Appendix E: Utilization and Unit Cost (continued)

A. Inpatient Acute Care Days/1000 Members				Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Medical/Surgical				176	153	120.6	125	153
2. Maternity/Well Newborns				67.9	21	66.4	33	35
3. Maternity/Sick Newborns				11.7	9	1.6	21	12
4. Mental Health				25.9	20	56.5	25	25
5. Chemical Dependency				2.8	3	24.8	6	5
6. Other				Not Available	Not Available	Not Available	Not Available	2
7. TOTAL Inpatient Acute Care Days/1000 Members				284.3	206	269.9	211	249
B. Ambulatory Visits/1000 Members				Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Ambulatory Surgery				97.7	52	Not Available	66	66
2. Emergency Room				148	103	Not Available	154	154
3. Outpatient Visits (exclude MH and CD)				4385.7	5,701	Not Available	3632	3610
4. Mental Health				685.5	16	Not Available	503	485
5. Chemical Dependency				NA	2	Not Available	11	13
6. Home Health Care (Includes DME)				142.7	21	Not Available	Not Available	170
7. Observation Bed (visit = OB stay from 1 hr to 24 hrs)				12.8	10	Not Available	Not Available	13
8. TOTAL Ambulatory Visits/1000 (sum 1-7)				5374.7	5,905	Not Available	4367	4365
C. Non-Acute Care Days/1000 Members				Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Hospice				Not Available	Not Available	Not Available	1	1
2. SNF				13.2	10	Not Available	11	13
3. Rehabilitation				NA	5	Not Available	13	9
4. TOTAL Non-Acute Days/1000 Members (sum 1-3)				13.2	15	Not Available	26	25
D. Admissions/1000 Members				Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Medical/ Surgical				37.1	44	24.4	31	37
2. Maternity/Well Newborns				24.2	9	20.7	14	14
3. Maternity/Sick Newborns				0.7	Not Available	0.5	1	1
4. Mental Health				3.8	2	15.7	3	4
5. Chemical Dependency				0.5	1	3.4	2	1
6. Other				Not Available	Not Available	Not Available	Not Available	2
7. TOTAL Admissions/1000 Members (sum 1-6)				66.3	56	64.7	51	57
E. Inpatient Facility Cost Per Day				Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Medical Surgical				\$1,198.00	\$1,396.66	\$1,632.76	\$1,599.51	\$1,291.60
2. Maternity/Well newborns				\$781.00	\$643.52	\$995.80	\$1,158.22	\$1,018.45
3. Maternity/Sick Newborns				\$1,378.00	\$1,181.97	\$800.00	\$1,657.11	\$1,181.97
4. Mental Health				\$536.00	\$525.11	\$691.35	\$589.88	\$530.56
5. Chemical Dependency				\$276.00	\$375.23	\$603.41	\$533.88	\$430.62
6. Other				Not Available	Not Available	Not Available	Not Available	\$201.00
F. Ambulatory Facility Cost Per Encounter				Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Ambulatory Surgery				\$891.00	\$1,379.26	Not Available	\$652.31	\$942.24
2. Observation Bed				\$672.00	\$207.49	Not Available	Not Available	\$599.16
3. Emergency Room				\$160.00	\$312.14	Not Available	\$117.98	\$182.00
G. Non-Acute Facility Cost Per Day				Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Hospice				Not Available	\$500.00	Not Available	\$387.57	\$443.79
2. Skilled Nursing Facility				\$387.00	\$411.74	Not Available	\$351.03	\$387.00
3. Rehabilitation				Not Available	\$733.09	Not Available	\$729.91	\$689.00

Appendix F: Prescription Drug Utilization and Cost

Appendix F: Prescription Drug Utilization and Unit Cost

	Aetna CY98	BC/BS NH CY98	CIGNA CY98	Fallon CY98	HPHC CY98	Median All HMOs 98
1. Number of prescriptions						
a. Generic	166,750	NA	n/a	607,128	1,863,570	449,334
b. Formulary	n/a	NA	n/a	n/a	n/a	640,748
c. Brand Name	230,531	NA	n/a	605,478	2,344,775	486,925
d. Nonformulary/Nonpreferred		NA	n/a			19,164
e. Mail order		NA	n/a			29,440
2. Total # of Prescriptions	397,281	23,995	521,051	1,212,606	4,208,345	590,482
3. Total Plan enrollees	61,856	3,447	64,029	162,717	752,687	75,474
4. Number of Prescriptions PMPY	6.42	7.98	8.14	7.45	5.59	7.24
5. Pharmacy Expenditures (exclude copayments by members)						
a. Generic	\$5.64	NA	n/a	\$12.91	\$5.48	\$7.15
b. Formulary		NA	n/a			\$29.38
c. Brand Name	\$50.30	NA	n/a	\$43.77	\$53.16	\$48.59
d. Nonformulary/Nonpreferred		NA	n/a			\$31.73
e. Mail order		NA	n/a			\$88.05
6. Average Cost per Prescription	\$31.56	\$30.03	\$27.04	\$28.32	\$32.05	\$30.03
7. Total Pharmacy Expense Per Member Per Month	\$18.88	\$12.60	\$18.33	\$17.59	\$21.56	\$17.96
8. Total Member months for members with Pharmacy Benefits	714,174	n/a	n/a	1,952,605	6,656,720	1,952,605

Appendix F: Prescription Drug Utilization and Unit Cost (continued)

	Health NE CY98	Kaiser CY98	One Health CY98	Tufts CY98	Median All HMOs 98
1. Number of prescriptions					
a. Generic	291,540	NA	4,145	1,541,332	449,334
b. Formulary	640,748	NA	8,109	1,523,566	640,748
c. Brand Name	368,372	NA	4,363	1,924,722	486,925
d. Nonformulary/Nonpreferred	19,164	NA	1,365	424,575	19,164
e. Mail order	mall order info not available in 1998	NA	188	58,691	29,440
2. Total # of Prescriptions	659,912	NA	8,508	3,466,054	590,482
3. Total Plan enrollees	75,474	410,798	1,882	493,737	75,474
4. Number of Prescriptions PMPY	8.74	NA	4.52	7.02	7.24
5. Pharmacy Expenditures (exclude copayments by members)					
a. Generic	\$7.33	NA	\$6.98	\$7.92	\$7.15
b. Formulary	\$30.68	NA	\$27.61	\$29.38	\$29.38
c. Brand Name	\$49.22	NA	\$47.96	\$47.31	\$48.59
d. Nonformulary/Nonpreferred	\$31.73	NA	\$10.50	\$46.68	\$31.73
e. Mail order	mall order info not available in 1998	NA	\$97.87	\$78.24	\$88.05
6. Average Cost per Prescription	\$30.71	NA	\$28.00	\$29.79	\$30.03
7. Total Pharmacy Expense Per Member Per Month	\$20.66	NA	\$9.44	\$16.35	\$17.96
8. Total Member months for members with Pharmacy Benefits		NA	22,586	5,907,878	1,952,605

Appendix G: Membership by Age and Sex

Appendix G: Membership by Age and Sex

Age Category	Aetna CY98		BCBS NH CY98		CIGNA CY98		Fallon CY98		HPHC CY98	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0 - 4 years	25,697	24,723	1,331	1,323	25,537	24,792	59,188	55,928	382,128	382,796
5 - 14 years	54,400	52,025	3,667	3,395	68,408	65,524	165,276	156,466	751,728	712,152
15 - 24 years	43,630	44,038	3,154	3,225	48,648	47,982	134,524	130,434	512,292	595,212
25 - 34 years	73,588	72,163	3,101	3,318	47,797	55,274	148,441	153,851	719,652	919,776
35 - 44 years	77,353	75,535	4,412	4,417	76,163	84,140	195,968	198,083	857,676	983,352
45 - 54 years	56,918	59,197	3,440	3,314	65,144	70,481	161,816	160,926	645,264	733,704
55 - 64 years	37,013	37,205	1,469	1,451	37,433	41,515	96,587	101,070	357,192	407,928
65 - 74 years	4,466	3,539	172	136	4,692	3,904	15,425	13,930	46,368	37,644
75 - 84 years	295	342	26	17	398	397	2,096	1,812	4,152	3,228
85+ years	63	81	0	0	14	100	325	459	696	588
TOTAL MEMBER MONTHS	373,423	368,848	20,772	20,596	374,234	394,109	979,646	972,960	4,277,148	4,756,380
TOTAL ENROLLEES	29,550	29,539	1,567	1,574	NA	NA	81,637	81,080	356,429	396,365

Appendix G:
Membership by Age and Sex
(continued)

Age Category	Health NE CY98		Kaiser CY98		One Health CY98		Tufts CY98	
	Male	Female	Male	Female	Male	Female	Male	Female
0 - 4 years	2,529	2,387	214,869	209,281	NA	NA	249,015	239,625
5 - 14 years	6,352	5,850	433,267	415,206	NA	NA	475,797	454,568
15 - 24 years	4,700	4,926	288,641	309,361	NA	NA	341,956	364,512
25 - 34 years	4,878	5,653	386,679	437,127	NA	NA	540,382	621,835
35 - 44 years	7,405	8,398	487,826	534,890	NA	NA	601,985	652,188
45 - 54 years	6,525	6,975	386,280	403,711	NA	NA	413,070	456,373
55 - 64 years	3,668	3,945	188,380	202,505	NA	NA	219,251	238,722
65 - 74 years	977	850	15,030	10,839	NA	NA	28,803	22,515
75 - 84 years	120	90	2,846	1,948	NA	NA	2,214	2,031
85+ years	49	55	417	477	NA	NA	85	138
TOTAL MEMBER MONTHS	440,137	465,552	2,404,235	2,525,345	NA	NA	2,872,473	3,052,369
TOTAL ENROLLEES	37,203	39,129	198,636	208,726	NA	22,586	255,415	269,698

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